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ABSTRACT

Information on how British institutions of higher education survive financial crises related to severe reductions in budget is provided. As British universities are working through more major budget cuts than American ones, U.S. institutions can learn from them what procedures, techniques, and philosophies allow them to survive. Chapter 1 is a succinct review of how the project was conducted, followed in chapter 2 with background information on the British system of higher education. Retrenchment actions described in Chapter 3 include actions related to student enrollments, organizational aspects of retrenchment, personnel related matters, and fiscal aspects of the retrenchment. Reflections on these actions are contained in chapter 4, which considers such issues as increased external influences, increases in efficiency, effects on research, early retirement, tenure, strategic planning, and departmental closures. Potential applications within American universities having to do with personnel, techniques of allocation, planning, retrenchment strategies, administration, and data related issues are described in chapter 5. Eight appendices look at: sources of information; universities visited; discussion agenda; meetings attended; typical university administrative committee structure; universities and their targets (University Grants Committee memo of July 1, 1981); one university's projection of a 1% per annum budget cut; and an example of a Taylor Square graph. Contains 31 references. (SM)

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THE 1981-84 RETRENCHMENT
OF THE
BRITISH UNIVERSITY SYSTEM
A REPORT

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CONTENTS

	<u>Page</u>
Introduction	
Chapter 1: The Project	
1. Intent	7
2. Approach	8
3. Execution	11
Chapter 2: Background Information on the British System of Higher Education	
1. Historical	13
2. Funding of Higher Education	20
3. Students	22
4. University Organization and Governance	24
5. The Current Situation	27
Chapter 3: Summary of Findings	
1. Introduction	31
2. General Pattern of Retrenchment Actions	32
3. Actions related to Student Enrollments	37
4. Organizational Aspects of Retrenchment	40
5. Personnel Related Matters	45
6. Fiscal Aspects of the Retrenchment	53
7. Miscellaneous Findings	55

Table of Contents (continued)

Page

Chapter 4: Reflections on Outcomes

1. Introduction	57
2. An Increase in External Influences	57
3. Increases in Efficiency	63
4. Effects on Research	66
5. Early Retirement	68
6. Tenure	71
7. Strategic Planning	73
8. Department Closures	74
9. Analytical Studies	75
10. The Future	79

Chapter 5: Potential Applications Within American Universities

1. Personnel	81
2. Techniques of Allocation	88
3. Planning	91
4. Retrenchment	94
5. Administration	98
6. Data Related Issues	99

APPENDIX

Appendices

1. Sources of Information
2. Universities Visited
3. Discussion Agenda
4. Meetings Attended
5. Typical University Administrative and Committee Structure
6. Universities and their Targets (UGC memo of 1 July 1981)
7. One University's Projection of a 1% Per Annum Budget Cut
8. An Example of a Taylor Square

References

General

Selected

Introduction

During the last few years, there occasionally appeared in the Chronicle of Higher Education a short bulletin relating the latest developments within the British higher education system. The stories of budget cuts, enrollment reductions, and tenure problems were all familiar enough to American ears--the magnitude of the reductions were not. As a faculty member at a university that was one of the first to encounter a fiscal crisis of such proportions that there ensued a formal declaration of fiscal exigency, I had a fairly clear conception of the sequential actions that were taking place within the British universities. The feature that caught my attention was the size of the budget cuts. Whereas my university's crisis was precipitated by a 5% reduction in appropriations, some British institutions were struggling with reductions ranging from 15% to 40% over a three year period. The enormity of this retrenchment may well be apparent to financial officers but for many of us in the academic community they remain merely percentages unless one has lived through such an experience. The first question that came to my mind was "How can they possibly do it and survive?" At this late date (1983) it was clear that all the universities--with perhaps one or two possible exceptions--were indeed surviving and were well on the path toward meeting these mandated targets by 1984. The question then became one of what could we in the United States learn from our British colleagues. What procedures, techniques, philosophies enabled them to survive reductions that on paper would, in a number of instances, seem to be impossible. This question when restructured in the form of a proposal to visit 15 British universities, was successful in gaining the support of a Fulbright grant for a four month study commencing 15 March 1984. In hindsight, the proposal was too ambitious as anyone who has participated in accreditation site visits will immediately realize. In order to glean the type

of information and insights I was interested in, it was necessary to talk to all the administrators and faculty playing key roles in budgeting, planning, and resource allocation--at some institutions this group ran well over a dozen people. Fortunately, however over-ambitious and impractical the proposal, it nevertheless proved to be possible. It must be admitted, however, that there were those dark periods--usually coinciding with early morning train rides across a darkened countryside --when the high moments of sherry receptions and senior commons room lunches seemed worlds away. Again, from the perspective of the completed task, I feel that to have restricted the schedule of visits to any fewer institutions would have resulted in a loss of several ideas or insights. Because of the diversity in types of universities and the uniqueness of the particular financial stress placed on each institution, I gained something new and useful from every visit.

Once I began the visitation schedule, it would have been very easy to have allowed myself to pursue leads in several different but fascinating directions with the result that the final report would have been too diffused and thin to have been of any value. I was spared such temptation by the existence of three past or current projects. The first was the three year study sponsored by the Conference of University Administrators that culminated in the publication, Resource Allocation in British Universities. This study reported in great depth the various procedures used to allocate resources in the universities. In conducting this study, the researchers necessarily extended the investigation into the related areas of planning, modeling, and budgeting. Two current projects are likewise concerned with issues related to the government's re-trenchment program. The first is a report being written by Ms. M. Woodall on the effects that the budget cuts had on the universities and the second is a large study sponsored by the Department of Education and Science which will

consist of a series of case studies relating exactly how the selected universities went about meeting their budget and enrollment reduction targets. If these studies did not provide sufficient constraint, the recently announced Jarrett efficiency studies seemed to close off the last tempting sidetrack--namely, an evaluation of managerial practices employed within universities. The knowledge that these four investigations, involving considerable financial support and teams of able investigators, had been completed or were about to begin, served to keep me solidly on the path I had proposed to follow.

Since the support for this project was funded jointly by British and U.S. organizations, I feel that I owe a report to each side of the Atlantic. However, because the interests of a British audience are so different from that of a U.S. audience, I was faced with either writing two reports or a combined report. Unable to face the necessary redundancies that the former would involve, I have decided in favor of the latter.

As a guide to the reader, a few remarks. Chapter 1 is a succinct review of how the project was conducted. It is provided for those few who might be interested in another researcher's style of investigation. Chapter 2 is written for those Americans who have the time and interest in gaining a rudimentary but serviceable background in the history, organization, and current problems of the British system of higher education. Some of the findings related in Chapter 3 will be incomprehensible without a background equivalent to what is developed in Chapter 2. The retrenchment actions are described in Chapter 3 and reflected upon in Chapter 4 from the perspective of an uninvolved outsider. Chapter 5 is a compilation and discussion of policies, procedures and techniques that were successfully used in carrying out the retrenchment and which I feel could be adapted to the American scene. In the version submitted to various administrators within Michigan State University, I added a Chapter 6

in which I expanded upon some ideas expressed in found in Chapter 5 which appear to be particularly relevant to the planning and resource allocation procedures used within MSU.

If this report gives every reader even one useful idea, I regard the endeavor a success. From a personal standpoint, the experience gained in conducting this study made the effort worthwhile regardless of the utility of the results. This is not to mention the unique opportunity I had of meeting a bonafide Quaestor and Factor, an event comparable to sighting a Prigogine owl. Certainly the contacts made and the interests developed while conducting this study should enable me to participate in larger comparative studies or to assist others to carry out a similar project. The opportunity to briefly live within a university system based on a very different managerial philosophy has opened my eyes to another conception of academia and allowed me to see a far greater range of possible relationships between faculty and administrators.

CHAPTER 1: THE PROJECT

Intent

The original purpose of the study was to act upon the planning imperative supplied by the government imposed budget and enrollment reductions and visit as many British universities as possible in a search for successful planning techniques and procedures that could be adapted to the American scene. After a month of preliminary study it became clear that despite the lead time of three years in which to carry out the mandated reductions, the type of planning that had been engendered in the United Kingdom was not what is commonly called "strategic" planning but rather short term, crisis management. The institutions were compelled to pursue goals imposed from the outside and all planning was of a budget-driven nature. Although the original intent of inquiring into strategic planning practices appeared to be unrewarding at the very outset, it was possible with no loss of time or devaluation of the study to change the emphasis slightly. Since strategic planning is strongly dependent upon attitudes and proper motivation, it seemed likely that most American universities would not engage in strategic planning until they have passed through a fiscal crisis, whether brought about by a sudden drop in revenues or the eventual realization that an extended period of slight underfunding had lead the institution to the brink of insolvency. This being the case, the lesson of how to survive a fiscal crisis should be of considerable interest. The British higher education system provided a unique opportunity to study the handling of a crisis prolonged over a three year period. Not only did the fiscal problems vary from the mild to the disastrous, but the three year time schedule ensured that the universities followed a carefully organized progression of steps, displaying far more characteristics of tactical and strategic planning than would have been the case for

a crisis requiring immediate resolution. Thus, my objective became one of learning how institutions survive crises. What procedural changes facilitate speeding up the planning process? What philosophies preserve the ethos of a university under duress? What leadership roles are needed to diminish the hostility and fears that always accompany emergency planning? What actions and policies allow institutions to make significant cuts in expenses when a large proportion of their costs are related to permanent employee salaries? Such questions, and more, indicated that the study, as revised, held much promise.

Approach

The problems associated with the study were not the usual ones of selecting the most appropriate statistical procedure or ensuring the purity of collected data. Rather, they were the questions of how one takes on a task of huge proportions and somehow makes it manageable. How does one study an entire educational system beginning from a state of complete unfamiliarity with its historical development, national organization, cultural basis, and internal structure of the constituent universities? How many institutions will time, funds, and energy allow one to visit? How much time is needed at each institution to gain a feel for the management style and to ferret out the inexplicit but critical details? How does one set the tone necessary to gain candid reflections? Indeed, throughout the early stages of the project I was in some doubt as to whether one could possibly obtain the necessary information simply by interview--especially an interview conducted by someone unpracticed in such an art form. I entered into this project with the humblest of attitudes, and despite the fact that all the doubts were either unfounded or resolvable, I nevertheless emerged from the completed task with few traces of hubris, knowing that some things could have been better done.

For the benefit of the interested reader, I shall briefly describe how each of the issues listed above were handled.

At first thought, it might not seem necessary to study the history of higher education in Great Britain--interesting perhaps, but not relevant to the project. My instinctive feelings were that this attitude was incorrect and later experience has borne this out. The historical and social forces that cause the creation of a university are critical elements in determining how that institution will structure itself and later react to its environment; it is surprising how many centuries these initial historical and social influences will withstand when an institution is situated in a culture with a once rigid class structure and a strong tradition of autonomy. In fact, most partitionings of British universities into types is based upon a historical pattern and such categorizations often have associated with them certain sociological traits that are clearly evident. I found that the time invested in historical reading was well rewarded by the ease with which I was later able to select a representative sample of institutions to visit. It also provided me with both an accurate sense of the way in which each university viewed itself and a clue as to why certain courses of action were taken.

The necessity for learning how the British higher education system is organized and funded on the national level is clear, as is the need to understand the general administrative and governance structure of the universities. During the months leading up to my visit to the U.K., I completed the above reading and, in addition, followed current developments in the Times Higher Education Supplement, an indispensable newspaper.

Upon arrival at my host institution, the University of Bath, I immediately engaged in reading the extensive file of correspondence between the University, University Grants Committee Office, and the Committee of Vice-Chancellors and

Principals during the 1979-84 period. With this task completed, I then developed an interview agenda and proceeded to give it a pilot test by interviewing the administrative officers and faculty who were most involved in planning with the University of Bath. As soon as I was satisfied that the interview agenda covered all the topics and left no serious holes in the narrative, I then turned to the task of deciding how many and which institutions to visit. My interviews at the University of Bath suggested that a two day visit--if reasonably packed--would suffice. This later proved to be ample, for as I progressed through the schedule, the issues shared in common by all the universities became apparent and could be quickly disposed of so as to focus on those problems and solutions unique to each institution. Once I decided that only two universities could be visited per week, other considerations such as the calendar, term vacations, and bank holidays quickly established an upper limit of 14 universities. Which ones? Having decided from the background reading that the selection must range over all the established categories of universities, I threw in the additional factors of location and magnitude of budget cut (assuming that the larger the cut the most intense the pressure to take a creative approach) and produced the roster appearing in Appendix 2.

It was then an easy matter to group the institutions by geographical area and fit them into the blank spots on the calendar. Within a week, the registrars of each university received a letter in which I briefly explained my project and indicated a two day period in which I proposed to visit his institution. I asked that each registrar set up two appointments with those people to whom he felt I should talk. To aid in this task and to assist the selected administrators in preparing a briefing, I attached an agenda of topics that I planned to discuss in detail. (Later remarks indicated that such an agenda was very useful and led to a more focused interview.) The request for two

appointments was designed to allow me time to reflect on the information gathered on the first day and decide if the second interview was necessary. This procedure enabled me to minimize the time taken away from busy administrators (I cancelled many second appointments) and to prepare additional questions where gaps or inconsistencies appeared in my notes. A copy of the interview agenda appears in Appendix 3.

Concurrent with laying this groundwork I was invited to attend four regional and national conferences (see Appendix 4). These conferences were immensely valuable. At several of the meetings I heard detailed presentations on how three institutions (Aston University, University of East Anglia, and Imperial College, University of London) carried out their retrenchments. These talks gave me much of the information I needed without the necessity of a visit; they also gave me an indication of what results to expect and suggested additional topics I should pursue with questions. The meetings were also an excellent introduction to the current issues in higher education--many of which (tenure, overseas students, temporary faculty, etc.) were directly connected to the retrenchment problem. The Conference of Registrars and Secretaries was particularly helpful since its small size (63 people) enabled me to meet the top nonacademic administrative officers of all the universities I planned to visit; the personal contact and rapport established at this point with the people who organized the details of my later visits undoubtedly led to more fruitful trips. It was at this meeting that all the schedules were confirmed; only one institution was unable to accommodate my schedule and had to be dropped from the study.

Execution

In retrospect, I feel that the approach I took was, for me, nearly perfect. It is probable that a different choice of institutions would have netted me a different set of results, whether they would have been a better set or not is

rendered moot by the fact that there is no way to optimize such a selection short of visiting every university. Certainly more time spent at each institution would have given me a better sense of place and administrative style--and made for a more leisurely and enjoyable stay. However, given the tradeoff of longer visits or more visits, the second option seems more productive. The only activity over which I had control, and which I felt could have been improved, was the interviewing. The act of interviewing is an art form, which can never be perfected; in my case it clearly improved from beginning to end. With respect to whom I interviewed, I feel that I should have asked for more faculty involvement to ensure that all perspectives were represented.

CHAPTER 2. BACKGROUND INFORMATION ON THE BRITISH SYSTEM
OF HIGHER EDUCATION

Historical

In the beginning there was Cambridge and Oxford. From the 12th century until the industrial era these two institutions were the English higher education system. Beginning as philosophical and theological centers largely dependent upon the patronage of the crown and church, they grew into well deserved positions of intellectual power and prominence. In the early centuries they ensured that the most important human and state affairs were handled by men of trained intellect. The Reformation weakened the bond between the universities and the church and made the universities more responsive to secular interests. The civil war forced the universities through yet another period of adaptation. Gradually Oxford and Cambridge allowed their professional faculties to wither and evolved into liberal arts institutions that sought only to provide a well balanced, character building education to gentlemen of a privileged class.

Above the border in Scotland the medieval universities of St. Andrews, Glasgow, Aberdeen, and Edinburgh were founded in the 16th and early 17th centuries. Isolated from most of the social pressures that were altering the nature of Oxford and Cambridge, these institutions retained most of their medieval characteristics—including professional faculties of theology, law, and medicine—well into the 19th century. The most unique features of these early Scottish universities were their open admissions policies which were remarkable for their absence of entrance examinations, low fees, and freedom from class distinctions. Free intercourse between the Scottish institutions and those of Europe maintained a high level of intellectual activity within these universities that belie their isolated locations.

As late as the beginning of the 19th century the entire British higher education system consisted of four Scottish universities--little changed over 400 years--and the rusticated preserves of Cambridge and Oxford. The next forty years was a period marked by intense pressures for reform. By then the British industrial revolution had begun, bringing with it a demand for formal training in technology, science, and business. It was also clear by that date that the German university model, characterized by research and specialization, was better suited to times of rapid industrial growth. Cambridge and Oxford were insulated from the demands for reform by the cultural gulf separating dons and industry and the protection afforded by vast college land holdings. As a result, the public pressure for injecting science into the university curriculum and broadening the educational base turned inward and became an issue for local solution. During the first half of the 19th century there developed a widely dispersed collection of a hundred small Mechanics Institutes offering further education of a technological nature. Institutes of this type located in the larger industrial cities gradually evolved into colleges offering curriculums that answered the twin pressures for extending culture to the provincial centers and applying science to industrial uses. The growth of these colleges resulted in the addition of seven new institutions to the university system when Durham, Birmingham, Bristol, Leeds, Liverpool, Manchester, and Sheffield gained university charters between 1832 and 1909. These universities, belonging to the first stage of reform, are known variously as the major redbricks, major civics, or older provincials.

In 1836, the University of London had been established as a means of bringing some coherency and uniformity into the sprawling collection of mechanics colleges by developing a common syllabus, examining the students, and granting the degrees. Thus, the University of London was an institution

without students or instructors. Those provincial schools adopting this linkage with London during the 1850-1900 period became known as "university colleges" and during the period following the Second World War they became the second identifiable group to achieve university charters. The universities of Leicester, Exeter, Nottingham, Hull, Southampton, and Reading are known as the minor redbricks or new provincials. This increased the higher education system to 21 universities.

By the end of the 1950's, the post-war birth rate combined with a greater demand for a university education stressed the system to the point where the creation of additional universities seemed to be the most logical solution. Unlike their provincial predecessors, these new universities were conceptualized, constructed, and given autonomy without a long period of gradual development. The novelty and daring of this expansion seemed to engender a similar spirit within these new institutions and was expressed in the form of trying out new ideas of organization, curriculum, and instructional methods. This group, consisting of Keele, Sussex, East Anglia, Essex, Kent, Lancaster, Warwick, York, Strathclyde, Dundee, Stirling, and Heriot Watt, became known as the "new universities"--a label that will in time become particularly inappropriate.

In 1963 a committee, now known as the Robbins Committee, reported on the status of higher education in the U.K. and made a series of proposals that had far reaching effects. One proposal advocated greater participation in higher education. Another recommended an expansion of technical education. One result was the formation of the last group of universities known as the "technological universities". These institutions were the end product of a process that began with their founding as mechanics schools in the 19th century, evolving into independent colleges of applied technology (CATS) by 1957, and ending with university status in the 1960's. This group consisted of

the universities of Surrey, Brunel, Bath, Aston, Bradford, Cardiff, Salford, and Loughborough.

This narrative is too brief to capture the complexity of an educational establishment consisting of 45 universities developed over an 800 year period and this is reflected in the more obvious cases where certain universities defy placement in such neat categories as ancient, civic, new, etc. I do hope, however, that it is sufficient for an American reader and not so simplistic as to upset the curious British reader. Anyone desiring fuller treatment will find the referenced books to be extremely rewarding.

While conducting this survey I was struck by the remarkable congruence between my first hand impressions of the universities and the perceptions formulated earlier through a reading of the literature. This served to convince me that the placing of universities into groupings based upon chronological development was not just a contrivance to satisfy some deep-seated compulsion to catalog but did serve to link institutions sharing certain fundamental commonalities. Once again, for the general reader, I will offer my views--some quite personal, as to what these group characteristics might be. The ancient universities of Oxford and Cambridge are islands unto themselves. Although the incorporation of science into the curricula has created a dependency of the universities on government funds and in turn a greater dependency of the colleges upon the university; nevertheless, the autonomy of the colleges is remarkable. The university administration has little control over the faculty supported by colleges and but the slightest clue as to the extent of the college endowments and land holdings. Obviously, such a situation creates unique administrative problems. In aggregation, faculty committees are the supreme authority, and yet that authority is so diffused that I found no single person or committee that admitted to being in control of events. The antiquity

of these institutions ensures that strange titles and stranger administrative relationships abound. The fact that the overall operation of these universities defies rational understanding is a source of no small pride to their faculty and administrators who view byzantium ways as being both an interesting life style and an excellent defense against intrusive regulations. Although science is strong at both institutions--particularly so at Cambridge--nevertheless, one senses a great respect and sympathy for the arts and humanities. Regardless of the fact that these institutions are international class bastions of research, there is a certain absence of hard edged bustle; the pervading atmosphere is one of leisureliness.

The University of London is sui generis. Its 44 colleges and institutes span a wide range in size with some of them receiving funds directly from the government. The university administration appears to have greater control over the colleges than is the case at Oxford and Cambridge; however, the governance complexity created by a university structure overlaying college structures--consisting of councils and courts--puts limits on how fast the central administration can move on a given issue.

As a member of a large research university I felt the most familiar with the major civic universities. These are by British standards big urban institutions; their student enrollments of only 8,000 to 10,000 belie the nature of these universities. They have large physical plants of eclectic style, many research institutes, and large academic complements. All have medical schools and strong ties to surrounding industry. The atmosphere is very much like that of a large American university. Contrary to the older description of "provincial universities", these institutions are now very cosmopolitan, drawing students from all quarters and social levels of the United Kingdom and overseas. The minor civics are scaled down versions of the larger cousins. The University

of Wales is similar to London in its organizational structure as it is a federation of six, once autonomous institutions. The scattered locations and former independence of the colleges have made the administration of this university difficult.

The new universities are quite small. Each campus displays a uniform architecture and they are beautifully sited in rural areas. They do reflect attempts to try out new approaches. Stirling, for example, operates on a semester plan and admits students to its colleges without a formal declaration of a degree major until the second year.

The technological universities are located on sites ranging from urban to rural. All enjoy close ties with industry and are involved with "sandwich courses" (cooperative education). These small universities have strong engineering, science, and business departments and place considerable emphasis on research. The close identity with industry possibly explains the impression I got that these institutions are very tightly managed--much more in the style of American universities than any other group in the U.K.

The universities of Glasgow and Edinburgh--although founded in the 15th and 16th centuries--are more appropriately classified as civic institutions. They are located in large cities and Edinburgh's governance system preserves the ties with the city council. However, their Scottish characteristics relative to internal organization and curricula structure make them distinct from the English civics. St. Andrews, an ancient Scottish university, is strongly based in the liberal arts and has preserved many ancient traditions. It impressed me as a venerable Swarthmore, being scholarly intense and somewhat removed from everyday life.

I think any American visitor to a British university will be surprised if expectations are based on enrollments. These institutions are universities in

every sense of the word. They display all the functions and accompanying complexities associated with research institutes and centers, graduate study, extension work, industrial ties, research parks, and medical schools. Much of what an institutional researcher learns from visiting the British universities is far more applicable to a large American university than to an institution with a comparable enrollment.

The foregoing description of the universities does not complete the discussion of the higher education system, for the universities comprise but one branch of a tripartite system; however, for purposes of this report, a brief outline is sufficient for the two remaining branches--the colleges of education and the 31 polytechnics. These two branches account for about half of the full time students in higher education and are distinguished from the university system in that their institutions do not possess a charter allowing them to issue their own degrees. The polytechnics were created as a system in 1969 and envisioned as having a different function from the university system and thus complementary rather than competitive. Although the funding of the polytechnics and universities flows through different channels (local authorities for the former and national for the latter), nevertheless it is quite clear that at the juncture within the Department of Education and Science where the funds are allocated to these two systems there is much latitude for subjective judgments and this has given rise to envidious comparison and debate between the two systems in recent years. In brief, the university system is characterized by an emphasis on original research, graduate study, and degree-seeking students whereas the polytechnics focus more on education which is closely coordinated with industry and commerce and the teaching of a greater share of part-time students and those pursuing courses below a degree level. Clearly, there is

considerable overlap between the two systems and, unless controlled, there would be a significant flow of students between the sectors.

To further complicate matters, the tripartite higher education system is more frequently thought of and referred to as a "binary system" with the university system as one sector (called the "private sector") and the nondegree polytechnics and teacher colleges combined into a second section--the "public" sector. The much used terms "public" and "private" sectors are very inappropriate labels in terms of what impressions are conveyed and their use is regrettable.

Funding of Higher Education

At this point, something must be said about the rather complex funding arrangements for higher education in the United Kingdom. The Department of Education and Science (DES) is responsible for all education in Britain. The Secretary of State must, in the main, allocate the higher education funds into three areas--the university and polytechnic sectors and the research councils. The mechanism for reallocation of funds within each of these three areas must be briefly explained in order for current events to make much sense.

The funds allocated by the secretary to the university sector are not directly assigned to institutions but are given instead to a committee called the University Grants Committee (UGC). This body was created in 1919 when it became clear that government grants would be needed to sustain a university system for which tuition and fees were becoming insufficient. The committee was to act as a buffer between the universities and government--protecting the former from political interference and the latter from complex responsibilities with political repercussions. The UGC's function is to advise the Secretary on the needs of the university system and to distribute funds to the universities in the form of two blocks--a recurrent fund grant and an annual furniture and

equipment grant. The committee is composed of 20 members (all unpaid and part time except for the chairman who serves for five years as a full time civil servant) with four or five from industry and the rest holding academic posts in universities. The office of the UGC is staffed by 85 civil servants drawn from the DES.

The distribution of funds allocated to the polytechnics (via the local authorities) is made by a committee called the National Advisory Body (NAB) in a manner similar to the UGC.

The third funding area--the research councils--represents the government's investment in basic research. Most of the grant and contract sponsored research projects being conducted in the universities are supported on funds coming from five research councils representing the major disciplinary areas of research. The Secretary is advised on research matters by an umbrella committee called the Advisory Board for the Research Councils, which also assists the Secretary in allocating funds to the five councils.

The funds flowing from the research councils and the part of the UGC block grant intended for research are conceptualized as the "dual support system" (not to be confused with "binary" system). In theory, some unspecified portion of the UGC recurrent grant is intended to support what we term "departmental research" in the United States. The research council funds complement the UGC grant by furnishing funds for research on precisely defined projects, the mechanism being open competition via formal research proposals. Clearly a cut in UGC support seriously affects departmental research, possibly more than the instructional function, and thereby threatens the effectiveness of the dual support concept; this is a matter of much current discussion.

Before leaving this description of the higher education system, there is one more important body to mention and that is the Committee of Vice Chancellors

and Principals (CVCP). This body, founded in 1918, is composed of all the chief executive officers of the university system. It functions as a common voice for the universities in its approaches to both the DES and the UGC. The committee allows the chief administrators to work out solutions to common problems and provides them with a lobbying agent. Today, the major issues of higher education usually involve the CVCP, the UGC, and the DES, sometimes in the form of open debate, more often in subtle and complex ways.

Students

Policies related to student admissions and enrollments have a great influence on the funds received by any particular institution. Not only do such policies affect the fees paid by the students and the local authorities directly to the university, but they also impact upon the funds allocated by the UGC. Thus, some space should be used to point out the more critical policies.

A brief exposition such as this is not the place to even attempt to outline the effort made after World War II to end class distinctions and increase the participation in higher education. Regardless of whether a student is educated in a comprehensive secondary, grammar, or private boarding school, the final hurdle to be surmounted are the "A-level" tests. A student generally submits to three examinations selected from ten disciplinary areas; a grade of A through E is awarded for each exam. Admission to a university is largely determined by these three tests. Since students are generally admitted to a program rather than the university in general (the Scottish institutions forming the exceptions), departments set their own admission standards. Some will specify the minimal grade for each of the three tests (e.g., A in physics, B in math, B in chemistry) while others will specify the tests to be taken and simply require that the total grade compilation should total so many points (with A = 5 points, ... E = 1 point).

The UGC now requires that the universities limit their enrollments to precise figures, an action that is very difficult within the British admission system and needs to be explained to American readers. A British secondary school student can simultaneously apply to as many as five universities by forwarding the application forms and a list of preferred schools to a central admissions center, which processes all university applications for the entire system during the October to December period. Each university then selects the more promising students who have formally applied for admission and conducts interviews from October to March. At the end of this period, the university departments offer a place to the selected students. The students in turn have until May to indicate a final acceptance. Up to this point, all offers and acceptances are condition upon the student being able to achieve the required standards on the A-level tests that are yet to be taken. Not until late August do the universities and students know these test results. To illustrate the problems arising from this process let us assume that a history department will have 50 places open for next year. Out of the 500 applicants they interview 300 and make offers to 100. The 100 offers are based on the past experience that it takes two offers to produce one entering student. In May the department finds that 80 students accept the offer and in August they are alarmed to find that 70 passed the A-level standards set by the department, leaving the department 20 students over the target set for them by the University. This miscalculation cannot be criticized too sharply because the department has had to rely on two probabilities (the acceptance rate and the A-level pass rate) which are not constant over time. Multiply this problem by the number of departments in the university and one gains a feel for how difficult it is to hit precise enrollment figures. The pressure is heightened by the fact that overenrollments place the instructional staff under heavy workloads and incur

penalties from the UGC for exceeding their targets. Similarly, underenrollments cost the university lost revenue unless some last minute searching can locate lesser qualified students from the residual pool of those not accepted into any of their selected universities--a solution that is also less than satisfactory.

The British curriculum is very rigid by American standards (the English more so than the Scottish). It is nearly impossible for a student to change programs or even institutions. A change, if accepted, would necessitate beginning over again and probably the loss of government support. Thus, British universities are not subject to sudden or sizable swings in student demand.

Overseas students play an important role in university financing. Such students form a significant proportion (in 1980, nearly 1/8 of the total enrollment). Prior to 1980, overseas fees were substantially lower than costs which meant that the government was subsidizing such students. Now that universities have been given permission to charge full cost fees for overseas students, this potential source of new income is receiving much attention.

Any British student with the required A level scores is assured funding for higher education. A certain proportion of the tuition cost is paid by local authorities (using funds passed on by the federal government) and the remainder is paid by the federal government within the UGC block grant. The student likewise has a maintenance grant paid partially by his/her parents (determined by family income level) and by local authorities. The exact split of the tuition between local and federal governments is an important issue but best left to the later section dealing with the current financial situation.

University Organization and Governance

In terms of a general pattern, I did not find university governance structures to be as diverse as expected. Excluding Oxford and Cambridge and in the

case of the Scottish universities, substituting the name court for council, the following characterization held for the institutions I visited.

Each university is an autonomous institution as defined in its charter granted by the Crown. The nominal head is the Chancellor, but this is simply an honorary position bestowed upon someone of national prominence. The real operating head of a university is the Vice-Chancellor (Principal in Scotland) who, far more often than is the case in the U.S., is an academic with outstanding credentials and achievements. The Vice-Chancellor's position compares closely to a merger of the president and academic vice president positions in an American university. A Vice-Chancellor is usually assisted by one to three pro-vice-chancellors who are but part-time administrators and full-time academics. The counterpart of the American roster of nonacademic vice presidents often resides in one position--the registrar (or "secretary" or some combination of the two). The academic departments are usually grouped in related clusters each with a representative committee called a "Board of Studies" or "Faculty". Often the chairman of such a faculty board is called the "Dean". Department heads are usually full professors who serve for long intervals; a few institutions have moved toward the concept of a rotating chairmanship of shorter tenure. As can be seen, the administrative structure of a British university is very thin. Many functions that are handled by professional administrators in an American institution are, in Britain, the responsibility of faculty committees of which there are many. The governance structure of a British university is topped by a body called the "Court". It is usually too large (sometimes hundreds of members) to do much more than place the final stamp of legal authority on completed actions. The de facto executive governing body is the Council which customarily has 15 to 30 members with a 50-50 split between lay and academic representatives. The Council's authority is similar to an American board of

trustees. In general, the Council is most involved in matters of finance, contracts, and property. The Senate is the body that has authority over all academic matters. It is a rather large, representative body composed of senior faculty, academic administrators, and some junior faculty and students. The Council and Senate effectively divide up the governance authority and work together in a cooperative sense. It is a rare and serious occasion when the two bodies represent opposing viewpoints on an issue and much effort is put into ensuring that a confrontation never develops. Both the Council and Senate have many working committees to develop the background papers and options available on matters under their purview. Often functions such as "planning", which involves both finance and academic issues, will be handled by a joint committee of Senate and Council.

In a British university the executive authority of the Senate ensures that the academic viewpoint is backed by effective power and is not simply of an advisory nature as in most American universities. Also, since most of the academic related administration is done by faculty committees, this means that the top executive officers--the vice-chancellor and registrar--are usually working with committees rather than individuals. As a result, the vice-chancellor must operate through powers of persuasion, leadership, and compromise to a far greater extent than his American counterpart. The fact that the vice-chancellor is appointed for life and tends to remain in position until retirement greatly improves the continuity of general policy and improves communications from the top to the bottom of the institution. It was my observation that the relationship between professional administrators and the academics is far more amicable and cooperative than in American institutions. Appendix 5 contains an organization chart for both the administrative and committee structure of a typical university.

The Current Situation

In 1963 the Robbins Committee, alarmed at the loss of potential talent represented by a low participation rate in higher education, advocated an expansion of the university system. The recommended principle of higher education for all those with suitable ability and attainment was taken up by successive governments, which lead to a doubling of the enrollments in the universities by 1970. As late as 1972 a government white paper presented a format for expanding higher education by yet another 60% in the next decade. As events transpired, the early 1970's were a euphoric high from which point everything tumbled downward. All through the 1960's the rapid expansion was conducted with five year funding cycles known as the quinquennial system. The government committed and the UGC allocated funds for a five year period which the universities could expend at any rate as long as their final year's budget did not exceed that year's allocation. In 1972-73 the last such cycle began but soaring inflation rates outdistanced the government's ability to keep up and within two years the quinquennial system was abandoned and the universities were left to cope as best they could with annual appropriations that lagged inflation by a significant extent. By the end of the 1970's, the universities' income in real terms had declined by 10% from 1970 levels.

In 1979 Mrs. Thatcher came into office with an agenda of cutting expenses throughout the government and within the higher education sector in particular. The UGC was given 18 months to develop a plan for reducing the university system's budget by 8½%. While carrying out this charge, the UGC in a series of memos tried to warn the universities of what was coming in the hope of generating some advance preparation. In hindsight, the memos appear to be rather more ominous now than they probably seemed at the time. In any event, lacking definitive information there was little an institution could do. A typical

university had 70% of its recurrent budget coming from the UGC block grant and 20% from student tuition, (which also came from the government). Thus, a university had 90% of its income controlled by the government while 72% of its expenditures were fixed in salaries and wages. For this reason, the unveiling of the UGC's solution to the government imposed cut had the effect of a bomb explosion. The conveying instrument was a UGC letter, now known everywhere as the 1 July 1981 memo, which was addressed to each vice chancellor. The first part was a general description of the problem and a schedule of budget reductions and enrollment reduction targets for each university to be achieved by 1983-84. A second, following letter contained UGC guidance specific to each institution. While the overall reduction to the system was 8½%, the UGC had taken a responsible approach and assigned differential reductions. The heaviest burden fell on certain of the newest and smallest institutions and amounted to cuts ranging from 15 to 30%. The full extent of the cuts was actually greater. In 1979 the government decided to stop subsidizing overseas students. Universities were told that they should charge all such students full costs and that the government would withdraw its contribution by reducing the UGC grant a corresponding amount. With the increase in tuition, the overseas student market collapsed and most universities found themselves subjected to a considerable cut in revenues (which is only now regaining 1979 levels). The UGC's 8½% budget cut, the loss on overseas revenue, the inability of the government to fully fund inflationary increases, the "incremental creep" caused by faculty salaries increasing by in-rank pay step increases, and the failure of government to fund all the salary increases negotiated with unions, all combined to move the average budget cut required by 1983-84 up to the 15% level in terms of constant pounds. Since enrollments were cut only 5%, the net result was a 10% reduction in the unit of resource (i.e., funds per student).

At an early point, it had been clear to both the government and the UGC that even a reduction of 8½% could only be done in conjunction with a corresponding reduction in enrollment. Also, the government's desire to shift more students into the science based disciplines required some control over enrollments. The government (via the UGC) could not order the universities to restrict enrollments in a certain way, but by changing the proportion of the student's tuition flowing through the local authorities and the UGC grant, the government made it costly for a university to accept any students above the limits set by the government. Thus, the enrollment targets were, in practical terms, as mandatory as the budget targets.

There are many explanations made as to why the government has soured on the Robbins principle. After 20 years of expansion and building, no British university had attained a stature comparable to Oxford and Cambridge. To some this represented a failed attempt at social engineering. To others it indicated that a concentration of resources in fewer institutions may have achieved better results. Student rebellions in the late 1960's, while mild compared to those in other countries, did result in a hardening of public and political opinion. Inflation and the high unemployment of university graduates were other contributing factors. The government change in policy probably reflects the influence of all these pressures and attitudes. Curiously, it was not the government's policy that was contested by the universities but rather the UGC and its role as the buffer between the government and the academic world. Some critics condemned the UGC members for not standing their ground by refusing to assign the budget cuts. Other critics, realizing the futility of this gesture, focused instead on the methodology, or in their view, the lack of methodology in deciding the cuts. Others thought they perceived the methodology--variously described as being based on student A level scores, amount of research grant

and contract funding, the institutions represented on the UGC, or the cost/student ratio--and strongly disagreed with its appropriateness. The fact that the UGC did act behind closed doors certainly makes it an easy target to such charges, but it is unlikely that any schedule that allocated cuts of this magnitude would be convincing no matter how openly it was delivered. As acrimonious as this period became, three years later I found some residual disgruntlement but no advocate for abolishing the UGC. In fact, once everyone gave up fighting the assigned targets, every university was scrupulous in its intent to carry each suggestion made by the UGC; no institution wished to weaken the influence of the UGC by seeming to ignore its recommendations. They had all come to view the committee as their best protection from a more active governmental interest.

It is not to be assumed that after 1 July 1981 the British academic world stood still for months as their champions waged a memo battle with the UGC and DES. As the next chapter will relate, most institutions moved ahead immediately upon receipt of the 1 July memo with actions and planning designed to meet the first year's reduction targets.

A typical university was faced with a three-pronged planning problem extending from 1981 to 1984:

- (1) Devise a program of annual budget reductions that achieve the 1983-84 targets; (This usually necessitated faculty and support staff reductions that were largely achieved by use of the early retirement scheme.)
- (2) Devise a method of controlling enrollments so as to reach a steady state enrollment that matched the UGC targets in each of the areas of arts, science, and medicine;
- (3) Carry out the specific recommendations suggested by the UGC such as eliminating certain units or programs or strengthening some areas.

The remainder of this report recounts what transpired.

CHAPTER 3: SUMMARY OF FINDINGS

Introduction

This chapter summarizes the 1981-84 retrenchment actions that have taken place within the 14 selected universities. From it, some readers will hope to gain ideas for future planning efforts, others will seek the comfort found in learning that they have engineered survival for their university in a fashion that bears comparison to the methods used by their colleagues, and, finally, there will be those readers who are but curious.

The choice of the most appropriate presentation style was largely dictated by certain considerations. To me the most natural format would have been a straight forward chronological discussion of each university's approach to the crisis. Such an approach--essentially a collection of brief case studies--was ruled out by the need to preserve the confidences of the people to whom I talked and by the knowledge that a far more detailed series of case studies is currently being developed under the sponsorship of the DES. Another approach, suggested by several people, was to take the stance of an objective, expert observer and critique the planning that has taken place. I decided against adopting this role for two reasons. First, I do not share the view common to many British administrators that the art of academic planning in American universities has been elevated to such rarefied heights of sophistication and refinement that any itinerant planner is qualified to offer critical judgments. Secondly, I refuse to think that any organization as complex as a university can be assimilated in all its details on the basis of a two day visit and without such a complete comprehension a would-be critic merely attests to his own lack of understanding.

As I am neither a social scientist nor an organizational theorist, the academic approach was not a viable option. Thus, by these considerations, I

was led to adopt a reportive style that treats the universities collectively rather than individually. Having reviewed too many reports that bludgeon the reader into a comatose condition with pages studded with statements like, "out of 14 universities, 9 of them did X and 5 of them did Y," I have tried to avoid such a style and use simple adjectives such as "many", "few", etc. The primary intent of the project was to gather innovative and effective retrenchment procedures and actions; in this regard, it did not seem relevant to become concerned with how many universities took one course of action as opposed to another. In fact, the more creative approaches, by definition, are confined to the minority--often a minority of one institution. A chronological arrangement of events was a natural one but of no intrinsic value. As a result, I completely abandoned such a sequencing of events and, instead, discussed them as grouped under broad headings such as "organization", "personnel", "models", etc.

General Pattern of Retrenchment Actions

There is a Latin phrase, nomen est numen, "to name is to know", which indicates that the human need to label has long been with us since the advent of the scientific method has become almost a human instinct. Many of us feel comfortably educated about things only after we have been successful in stuffing all the components into neatly labeled boxes; the more scrambled the situation the stronger this labeling compulsion becomes. Succumbing to this instinct, I wanted to categorize all the retrenchment actions taken by the 14 institutions studied. Was it possible that the many seemingly disconnected actions could be linked together into two or perhaps three retrenchment patterns (models)? After much searching, I could find no obvious classification scheme that fit all universities.

In fact, it may be useful to indicate those conjectures that did not bear up under closer scrutiny:

- 1) The universities suffering the largest budget cuts did not necessarily:
 - take quick action to implement reductions
 - form small ad hoc committees to perform the major planning actions
 - levy differential cuts rather than uniform cuts on faculties and/or departments
 - consider eliminating courses or departments
- 2) Nor did the the institutions given the smallest cuts necessarily take any of the opposite actions.
- 3) No set of university types--new, civic, technological, etc.--followed any common patterns of retrenchment.
- 4) No characteristic of age, size, location, size of reserve fund, or administrative structure was sufficient to categorize the retrenchment approach adopted by the examined universities.

Part of the problem lies with the small number of universities visited; with any classification tried, the number of exceptions was always large relative to those examples that fit. Perhaps if all 43 universities were represented certain patterns involving only three or four exceptions would clearly stand out and be considered acceptable.

If one is willing to discuss general patterns in a more loosely defined context, there were several formats worth mentioning.

In terms of uniform and differential budget cuts, there were three models employed:

Model 1 Uniform (pro rata) budget cuts were levied on all units within the institution (only one case).

Model 2 A mix of uniform and differential cuts were used. For example, pro rata cuts across the broad sectors such as academic and nonacademic areas and differential cuts across units within each. Another common model was the use of pro rata cuts across faculties and differential cuts among the departments within the faculties. A third type of mix was an assignment of pro rata reductions across all units--e.g., -10%--supplemented by a differential cut levied on all units.

Model 3 Differential cuts across all units and sectors of the university.

Within most universities, one of the first policy issues to be decided was that of uniform or differential budget reductions. In some instances the enrollment reduction targets were first assigned and then the corresponding budget cuts were calculated using historical or standard cost/student ratios; strangely enough, in institutions where this procedure was followed, there seldom was much debate over whether the enrollment reductions should be pro rata or differential even though the effect on budgets was obvious.

Since differential budget cuts are both difficult to develop and to politically sell at a distance, they tend to be made at levels closer to the units involved--i.e., at the college or board of faculty level. A few institutions had resource allocation procedures in place, which used calculations done by a computer model. Since budget cuts can be viewed as negative resource allocations such models could be (and were) used to develop department budget cuts at the central administrative level. In some cases, the makeup of the group assigned to develop budget cuts determined the nature of cuts. Large, representational committees had far greater difficulty in assigning differential cuts than did small, ad hoc groups.

I felt that there were two discernable retrenchment models defined by how budget cutting actions were sequenced.

Model A The university planners first collected all easily obtainable funds--open position money, unused reserves, budgets assigned to noncritical support units, funds freed by early retirements, etc. After a suitable period, the extent of such funds and their projections into the near future were tabulated and compared to the cut imposed by the UGC. If further budget cuts were needed, the planners assigned reduction targets designed to capture the residual.

(Approximately one-third of the universities used this model.)

Model B The planners based the unit budget cuts upon the total university reduction. If, after it became clear that certain units could not meet their targets, the planners began looking for other sources of funds across the university. (Two-thirds of the cases.)

These models differ by the sequencing of budget cutting actions.

Frequently Model A was selected when the administrators felt that swift action was needed. The planners using the second model would claim that an uncritical use of Model A uses random chance to make budget cuts (with respect to open positions and unspent funds) and impacts unevenly on units without regard for any rational academic consideration.

One of the first actions taken by all universities was the freezing of open positions. In the cases where Model B was used, the freezing of positions was often only an interim step taken until such time as the distribution of targets would enable units to make appropriate decisions as to filling or surrendering of such open positions.

A second pattern was the heavy use of early retirements to achieve the budget reductions. Although much will be said about this in the Personnel

section, it seems appropriate to point out here that without the UGC financed early retirement scheme all universities would have experienced far more difficulty in meeting their targets--most of those institutions cutting by 15% or more would have been drastically altered by the retrenchment. Only one institution made but light usage of early retirements and this was due to it being a new university with a young faculty.

A final pattern was that all the institutions suffering from a large budget cut refrained from making an official statement that there would be no involuntary redundancies. This is hardly surprising. Perhaps what is more significant is that most universities did make such a statement as soon as it was clear that early retirements would allow most units to achieve their targets. A common remark is that such a statement immediately defused a very divisive and confrontational situation and allowed the planning process to proceed much faster and with full cooperation. A few administrators, at the more seriously impacted universities, were doubtful that the early retirement scheme would have worked so well if the never distant possibility of involuntary redundancy was not kept viable, making retirement an "either/or" situation rather than simply one of personal appeal.

Perhaps a final pattern can be claimed for the fact that only one university made budget cuts that were pro rata across departments. This attests to the seriousness of the situation and the fact that even very large and representational groups like academic senates are capable of making policy decisions that they perceive to be in the best interest of the institution regardless of how individuals are affected.

The absence of any well defined retrenchment pattern suggests that if there is an optimal approach to such a problem it must not be obvious. The further fact that many actions taken by universities were considered to be

inappropriate or even impossible options by administrators at other institutions suggests that perhaps there is no single panacea. The feasibility and effect of any budget reduction option is largely conditioned by the characteristics of the university in which it is to apply. Since a university's organizational and governance structure, the personalities of its key administrators, its ethos and traditions, and its prescribed mission all influence the effectiveness of any planning process or budget reduction options, it seems hardly likely that any general retrenchment procedure--comprised of many procedural and reduction options--could be the best fit for every university in such a diverse collection as the British higher education system. Thus it is not surprising to find one university exercising close control over who is allowed to take early retirement while another institution offers such an option to one and all, both with good effect. The reader will note that this dichotomy of method occurs several times in the sections to follow.

Actions Related to Student Enrollments

By the imposition of enrollment limitations within the broad areas of the arts, sciences, and medicine the government was able to limit its total fiscal obligation to students in higher education and the UGC was able to effect a large scale student shift away from arts, letters, education, and social sciences and into the sciences. Also, by setting enrollment reductions that roughly correspond to the budget reductions, the UGC attempted to preserve as much as possible each institution's ratio of resources per student. As every planner remarked, the correspondence between budget and enrollment cuts was very imperfect and worked toward a deterioration of support for each student (see Appendix 2). This is not a surprising result since one could hardly expect that the total budget reduction was developed from a precise calculation of marginal savings resulting from the enrollment reduction.

Many of the universities chose to levy enrollment rather than budget reduction targets on academic units. Their later experience was that enrollment limits were agreed to rather quickly and that the budgets, which were openly derived from the enrollment figures using existing workload or cost ratios, were accepted with little debate.

The universities generally accepted the enrollment shifts suggested by the UGC figures. Within most universities, the planners at the university level proposed enrollment figures for general groupings of disciplines such as for faculties or colleges, leaving the further portioning of enrollments into departmental targets as a task for faculty boards or councils.

Once targets were set the job was far from done. Most of the universities decentralize the admissions process by admitting students through the departments. The success of a university in limiting its enrollments to a prescribed level either depends upon a perfect performance by every department or, as in some cases, upon the coordinative work done by an administrator charged with monitoring the day by day enrollment counts and reporting progress at the departmental and university level. As described earlier, the situation is made more difficult by the fact that the enrollment process is beyond the direct control of department officials who must decide what level scores to require and guess as to what the pass rate and acceptance rate will be, as based upon historical data. The government's reduction in the number of students allowed into the universities perturbed the system and made the data related to previous enrollments a poor predictor of events. As a result, some institutions were dismayed to find themselves over-enrolled, which put an added stress on university resources and caused the UGC to impose additional pressures in the form of penalty cuts. Several universities guarded against departmental overenrollments caused by

intent or lack of concern by announcing that no extra resources would be allocated to departments for students above target levels.

The contingent of overseas students at British universities is now a much more significant revenue source due to the new policy of charging full cost fees. Nearly every university suffered a drop in revenue caused by the joint effect of the UGC withdrawing funds related to foreign students and the drop in overseas enrollments occasioned by the increase in fees. Certain institutions were further affected by more localized changes in overseas enrollments. In one case, a university drawing most of its overseas students from a single third world country lost all these students when the foreign government changed its subsidy policy. The increased importance of overseas student fees as revenue has stimulated considerable recruiting activity among the universities. Touring administrators and faculty are frequently assigned the additional duties of a recruiting officer. Many institutions gave departments added incentives by allowing them to keep a stipulated percentage of all overseas student fees attracted. However, two universities felt that the abandonment of government subsidies for foreign students indicated a public desire to reserve a greater proportion of university places for home students and, in reflection of this, placed a limit on the number of foreign students they would accept--a policy that is completely counter to the current general rush toward attracting even more foreign students.

Several universities that employ formal allocation models to calculate department budgets have attempted to correct the problem, common to such models, of sudden changes in enrollments causing equally abrupt changes in resources allocated. Smoother transitions toward lower resource levels were achieved by diminishing the resources at a lower rate of change than the enrollment change or, equivalently, by extending the resource decrease over a longer

time interval. Some academics now feel that the government has found a mechanism by which to force universities to be more responsive to student demand or at least to student demand as interpreted by the government. They fear that the specificity with which the government or UGC dictates enrollment levels may eventually be extended to department levels, making it necessary for universities to shift academic positions in response to demand.

Organizational Aspects of Retrenchment

Planning is an activity which frequently succeeds or fails according to the effectiveness of the administrative structure. The proper timing of events, the linking of such distinctly different activities as budgeting and resource allocation, and the task of developing an amicable consensus on many policy issues places stress on the underlying administrative structure. It has been frequently noted that the formal separation of a Council's fiscal responsibilities and a Senate's academic functions in British universities poses a difficult problem for planners. As a result, one of the most important issues faced by universities in July 1981 was deciding what administrative structure would facilitate planning. At some institutions the dimensions of the crisis were so obvious that the most immediate need was for a planning format that permitted speed of action. At other institutions, where a smaller budget reduction allowed a more deliberate paced planning process, the emphasis was placed on ensuring university-wide participation and the preservation of a collegial approach to problem solving. In effect, at each institution a unique combination of priorities had to be considered in setting up the planning machinery. At some institutions the existing procedures and committee structure were deemed to be adequate and the only task was to develop a schedule of meetings and

coordinated actions. Most university officials, however, felt that the seriousness of the imposed retrenchment demanded either an entirely new planning process or a significant modification of the existing process.

The most common approach was to create an ad hoc committee. In some cases the committee was simply a subcommittee of an existing parent group; the idea behind such formations was to create a smaller body that could reach agreement more quickly and propose alternative actions to the larger committee. At other universities the ad hoc committee was not derived from any existing body but was composed of a group of hand selected "wise men". The intent of this approach was to create a committee of individuals who were charged with thinking in terms of the general welfare of the institution rather than defending to the utmost the interest of their constituency. A third construct was an ad hoc committee with membership selected from both the Council and Senate. Such a joint committee reported to both the major bodies and by its nature was responsible for coordinating the fiscal and academic aspects of planning. These joint committees also tended to combine the advantages of a small size and a nonrepresentational attitude.

Although half of the universities I visited felt that the formation of ad hoc committees was a key ingredient for the eventual success of their planning effort, the remaining universities were equally convinced that, for them, the adherence to established procedures and governance structures was the right choice. In the course of my travels I heard many strongly held opinions on this issue and, in the end, came to feel that the success of either approach was entirely dependent upon the conditions prevailing within each institution. One of the most convincing pieces of evidence in this regard was presented by one university which took a completely different tack. At this institution, the vice chancellor simply sat down and wrote up a detailed proposal for

retrenchment and proposed it to the Senate and Council. When this plan met with some opposition over the elimination of certain departments, his pro-vice chancellor wrote up a second alternative with the final result being an implementation of a compromise plan. Clearly such an approach required special circumstances--one being a vice chancellor of long tenure who held the confidence of the entire university community. However, the fact that this arrangement was successful convinced me that, given the right circumstances, no organizational approach could a priori be deemed inappropriate and that there was no "correct" arrangement that could be prescribed for all institution.

The fact that the UGC letter, which created the fiscal crisis, was delivered 1 July undoubtedly had some contributing effect on the spawning of ad hoc committees, for at many universities July is a particularly difficult month for conducting important matters through normal channels in that the faculty have left or are about to leave the university and the Senate and Council have no scheduled meetings until the Fall. In such a situation the key administrators often felt it imperative to get some preliminary planning work done and to implement immediate cost cutting steps and had no recourse except to create a quasi-official planning committee. Frequently the work done by such a group, working smoothly and for long hours through the summer, was so impressive when displayed to established committees and bodies in the fall that the ad hoc group was told to continue as the primary planning committee. At nearly every university the period of 1 July 1981 to Fall term was characterized by a certain number of cost cutting actions taking place outside the established protocol. At one institution the vice chancellor openly announced that he was taking charge for three or four months in a crisis management mode of operation; in most universities, however, this was done in a less autocratic fashion by groups of administrators working cooperatively.

To indicate the divergence of views related to the proper organization of planning I should report some of the more commonly held opinions. Nearly everyone seemed to agree that planning within a university should properly involve everyone in an open, participatory process; the disagreement occurs when one specifies the degree of participation at each stage of the process. Many people felt that the implementation details could be developed democratically but that the important policy issues had to be decided by a small group of individuals who were relieved of any obligation to protect special interests. As one person put it, in any organization where the interests of the existing governance system are suspect, an oligarchy of "wise men" or a benevolent despot will materialize. Opposing this view was an equally large bloc who claimed that it was exactly the key policy matters that had to be resolved by a democratic process--that the details could be relegated to smaller groups.

One vice chancellor observed that any university which allowed the initial question of what should be done about the budget crisis to come before the Senate lost the first year to endless debate. I found nothing to refute this belief, for at all the universities I visited, the planning issues were presented to the Senate in the form of a concrete proposal or alternative proposals and not in the form of an open question. Another vice chancellor felt that certain preliminary academic judgments had to be made by the Senate before any planning could begin. Such questions as, "Should differential enrollment limits be set for departments?", "Should the existence of all academic units be preserved at all costs?", were the type rightly answered by the Senate. In his view the subsequent development of the retrenchment plan and its implementation was a matter of management judgment which should not be questioned by the academic side. He stated further, that once the implications of the academic judgments became apparent, it would be improper for the Senate

to reconsider their decisions. Even when the issue of a democratic process is put aside and the question of creating a small planning group is considered only in terms of efficiency, there is further disagreement, with some claiming that the process of selecting the membership for such an important committee would take as long as debating the planning issues in a larger arena. Another argument was that any efficiencies gained by having a select group of people make the central decisions would be later lost in the political process of selling those decisions to the academic community charged with implementing them. One administrative team admitted that the retrenchment plan as originally conceived by administrators was very different from, and probably more damaging, than the final plan which resulted from giving the faculty some early input into the policy setting phase.

Many universities rely on overlapping committee memberships to ensure that such disparate functions as fiscal and academic considerations are coordinated. During the 1981-84 planning cycle the effectiveness of this device was mixed. Some claimed that it worked, others found that it didn't and new joint committees had to be formed. Ironically, some institutions that successfully used a small ad hoc planning committee to solve their fiscal problems now find that pressures are being exerted to expand the size of the committee and make it more representational.

Several universities, in launching a two pronged attack on their impending deficit by seeking to increase revenues and decrease expenditures, found it effective to assign these two tasks to separate committees. It appears that some people are more creative in the role of seeking new sources of revenue than in eliminating unnecessary expenses.

Two institutions derived considerable assistance from the efforts of lay Council members appointed to serve on planning committees. These members were

chief executives of large private corporations who possessed the experience and skills needed in times of fiscal crisis.

Personnel Related Matters

For most universities, the salary budget consumes between 70 and 80 percent of the UGC recurrent grant. Thus, in those cases of double digit budget cuts, it was clear from the very outset that a reduction in staff would be mandatory. As a result, a great deal of thought and effort was put into developing a staff reduction policy that observed the legal and moral rights of those affected. From my experience as a faculty member at a university that had to release several hundred staff and nontenured faculty members and eliminate 130 tenured faculty jobs during a fiscal exigency, I knew how frightening and hotly contested such affairs become under the best of circumstances. Expecting the worst, I was surprised to find how smoothly personnel actions had gone during the 1981-84 period. I did not encounter one university that had to resort to involuntary redundancies in order to reach their budget targets. Certainly the fact that the government assumed the extra costs involved in offering early retirement options made such retirement a viable reduction tool and largely protected the university system from major damage. However, even a fully financed early retirement option could be ineffective or destructive if improperly administered. In addition, early retirement was not the complete solution and universities displayed much creativeness in developing supplementary personnel options.

On the American higher education scene early retirement is viewed by administrators with mixed emotions. While it seems to hold much potential for constructive reshaping and downsizing a university (and perhaps the only possible solution to a fiscal crisis), nevertheless an imaginative person can provide various scenarios in which early retirement could have adverse effects.

For example, once early retirement is perceived as a device to weed out dead-wood its involuntary use would lower faculty morale and yet, if limited to voluntary use, most faculty acting out of self-esteem would reject it. Conversely, if early retirement was made extremely attractive many administrators become concerned that the university may lose many of its best people--those with the skills and qualifications that provide them with other options. In cases where early retirement is to be used to reshape the distribution of academic skills it is clear that central control must be exercised over who is offered early retirement options. The effect that such control might have on morale is again a matter of much conjecture. Thus, what occurred within British universities under the early retirement option supported by the UGC is of considerable interest.

Some planning groups simply imposed a budget reduction target on units and left the solution up to the involved staff members. Most, however, expressed part of the reduction target in terms of staff reductions. This was motivated by fears that some units would choose to overly protect individuals by taking all the reductions in support funds. When unit and department staff targets were used, the university administrators were careful to facilitate the process by providing very clear, well publicized personnel policies to relieve departments of as much of the burden as possible. With respect to early retirement, most institutions sent every staff member in the over-fifty age bracket a letter outlining the option and inviting him/her to explore it further. Aside from one university, which had an exceptionally large budget cut, no apparent pressure was exerted directly on any staff members to pursue early retirement. In some institutions the faculty discussed options and negotiated directly with the registrar or some other senior administrator; in other institutions some distance between the faculty member and the administration was preserved by

turning the negotiations over to a disinterested individual or even a team of senior academics. I found no instances where overt methods were used to eliminate less productive staff members; all administrators seemed to sense the disheartening effect that a productivity based early retirement (ER) scheme would have on faculty morale.

A major consideration was the amount of control that should be exercised over who would be permitted to elect the ER scheme. The UGC would only provide funds if the retirement was in the managerial interest of the university--an imprecise stipulation but one which was made effective by requiring that such vacated positions be permanently lost. Thus, universities had to place some limits on participation in the ER scheme or else risk losing faculty located in critical departments. The UGC policy did not necessarily make the ER scheme inapplicable to all essential academic departments; for example, a retiring professor of chemical engineering could be replaced by a newly hired lecturer if his academic specialty was of a different nature and reflected a shift in emphasis within the department. Beyond the limitations imposed by the UGC, however, universities had wide latitude as to how much further control to place on the ER options. One institution left the option open to all academics, feeling that it would not attract much interest; the policy was quickly restricted when the first wave of applicants made this miscalculation obvious. Some universities left the option open within each department until the assigned staffing target was reached; after that point, further requests for early retirement were treated on an individual basis. Frequently small units did not have enough people in the older age brackets to allow them to reach their targets by retirements. In such cases university planners had to accept additional retirements in other units.

In some units there was ambiguity as to whether the ER option was a benefit or a hardship; this was usually dispelled when a highly respected colleague elected to retire early.

One university felt that to disallow early retirement for certain groups of academic staff members would be demoralizing and in violation of the institutional ethos. Planners carefully partitioned all early retirement requests into two categories--those involving positions which they could afford to lose and those positions that had to be refilled. The first category were then financed with UGC funds and the second category by the university's reserve funds under the condition that the positions would remain open for two years and thus allow the university to recover the reserve funds through salary savings.

Several institutions have made plans to continue the ER option beyond the date at which the UGC will cease its support. They plan to finance the ER option from resource funds, which will be replaced by salary savings as they accrue.

Everyone to whom I spoke remarked upon the importance of extra perquisites in making the ER option attractive. Such benefits as library privileges, office space, secretarial services, and perhaps a title conveying some attachment to the university, were all highly regarded inducements. Of particular note was the opportunity for part-time faculty employment for a stipulated period of years, the importance of which is indicated by the high proportion of faculty who elected to use it. Once again it was the UGC that offered to fund this option, subject to the condition that such part-time services were helpful in making the transition toward the imposed targets.

Two institutions found the UGC ER scheme to be less effective because the university retirement age was 67 rather than 65, a situation that may be corrected by a future policy change.

The UGC also funded buy-outs (voluntary redundancies) as provided for under the USS scheme. No institution reported much success in this direction--the benefits apparently were not attractive enough to induce younger academics to give up tenured positions unless a job offer from overseas was in hand. Most universities accepted voluntary buy-out requests if it seemed likely that the faculty member would decide to stay on if not bought out.

There seemed to be a consensus that, attractive as the ER scheme was, it probably would not have stimulated so much interest if the institutions were not under considerable pressure to reduce staff and cut budgets.

Several universities were successful in gaining at least temporary relief by liberalizing their leave of absence policy and allowing faculty to volunteer for unpaid leaves of three to five years. In most cases the faculty went to overseas universities or into government or industry. It was felt that the university derived the short run benefits of either salary savings or the services of a "new blood" replacement. In the long run, the faculty member either decides not to return from leave or does resume his/her post as an individual enriched by additional experience. Such leaves proved to be attractive to faculty who wished to explore new possibilities or broaden their professional background without burning their bridges behind them.

Some universities have filled open academic positions with temporary faculty on three to ten year contracts. This has the appealing feature of building in a certain amount of budgetary flexibility. In fact, one institution has made it a university-wide policy for each department to place either 10 percent of its salary budget into temporary positions or 1 FTE,

whichever is larger. This practice cannot be freely adopted, however, as it appears that at some universities the local Association of University Teachers (AUT) chapter is strongly opposed to any temporary faculty being on contract for over one year.

It seems that the reduction of nonacademic staffs involved different problems--mostly related to union negotiations--but none which were insoluble. The naturally high turnover in clerical staff made it unnecessary to even consider involuntary redundancies. Most institutions were able to transfer administrative staff and technicians from areas of low to high demand. In some cases technicians were voluntarily transferred from the university payroll onto existing grants or contracts with the assurance that no individual would suffer as a consequence of such a move.

Without exception the most traumatic situations developed within those eight institutions that decided to eliminate certain academic units. In every case, the university planners were forced into making such a decision by either a specific suggestion contained in the UGC 1 July 1981 letter or by a budget cut of such proportions that no better alternatives existed. The UGC suggestions for elimination were, in general, accepted by the universities as having some merit (probably having been recommended to the UGC by research councils). In many cases university officials did not feel that a recommendation for closure, emanating from the UGC, was an issue open to debate; in those other cases, however, where the decision for elimination originated within the university, the debate usually became extremely fierce and divisive and did not subside until every recourse of appeal--as well as all the participants--were exhausted. One administrator remarked that no departmental budget cut, no matter how large, provides a response that is anywhere near as intense as that ensuing from a threat of elimination. Again, drawing on my own experience, I

can attest to the validity of this observation. Such intense reaction is probably due to two factors. First, the nature of the planning process is such that the proposal to consider the closure of a department invariably precedes the formulation of a policy as to how the affected faculty will be handled. Second, for most university faculty, closure of a department and termination of the involved academic staff is an event without precedent in their career. These two factors--involving uncertainty and the unknown--combine to create a situation of high anxiety. In every case of eventual elimination of a unit, the staff appeared to be handled in a fair and humane fashion. Not only did no lawsuits result, but, more important with respect to the future, the academic communities were able to observe that their university did not function like an insensitive business operation and simply cast out their colleagues like an outdated product. In most cases the older faculty, located in a unit to be closed, elected to take early retirement and the younger academics accepted either a position elsewhere in the university or underwent a training program, paid for by the university, before taking a new assignment in another department. In cases of formal retraining, the most common examples involved academics taking a master's degree in computer science at another institution. Several administrators told me that most of the transferred faculty were very enthusiastic about their mid-career change and have done well at it. Most of the transfers were between related disciplines--biostatistics to mathematics, agricultural economics to economics--but a significant proportion were between completely unrelated disciplines, transfers which reflected a serious avocational interest of the faculty member (such as art history into music).

I did visit one institution at which the Senate and Council decided against closing any academic department and are now having second thoughts as to the wisdom of this decision. The policy clearly led to a less stressful

retrenchment, but it resulted in a configuration consisting of many small departments, each reduced to a minimal academic staff with very little flexibility for any future contraction--a very precarious position when faced with UGC predictions of a decade of continued retrenchment.

At universities where a decision was taken to close academic units, in the absence of any UGC suggestion, the rationale was always one of sacrificing a few in order to adequately support the remainder. I found that the selection criteria did not involve merit or national stature but rather size, how well the unit fit the central mission of the university, and how much intertwined, in terms of service, students, and research, the unit was with other departments. Thus, the departments eliminated were usually small, isolated colonies of esoteric specialists. But, ironically, these criteria almost ensured that the cost savings would be small--a point made by several planners.

In addition to changes in personnel policy that were directly related to immediate budget reductions, the exercise also generated a number of personnel changes that were more relevant to the future. The efforts to lower retirement ages to 65 and to hire more academic staff on short term contracts have already been noted. One university has been successful in appointing highly qualified people in industry to chaired positions as adjunct faculty. Other universities--independent of governmental pressure--are inserting fiscal exigency clauses in all new faculty contracts and are considering the effects of lengthening the probationary period for tenure. One institution now appoints all nonacademic staff to a university position rather than a position within a specific unit in order to facilitate moving staff across units in order to accommodate to shifts in mission or resources. These changes are surely a result of lessons learned in the course of the 1981-84 retrenchment exercise and reflect a more future-oriented attitude toward current policies and practices.

Fiscal Aspects of the Retrenchment

One of the first steps taken by university administrators when the 1 July 1978 UGC letter arrived was to make a precise calculation of the institution's current expenditure level and the percent reduction implied by the UGC targets. The budget and enrollment cuts that one would derive using the historical data and targets in the UGC letter (see Appendix 6) were not in fact the reductions faced by the universities. For example, the UGC used 1979-80 enrollment figures as a baseline whereas the 1980-81 enrollments for nearly every university were significantly higher. Also, the UGC figures did not recognize such persistent problems as unfunded inflation, incremental creep in salary budgets, unfunded salary increases, and loss of overseas revenues. Nearly every institution I visited had conducted a retrenchment plan that was set against enrollment and budget reduction targets considerably higher than those publicized as being imposed by the government. The need for making such careful preliminary assessments of the university's fiscal situation was brought home to a couple institutions when the AUT protested certain personnel actions by challenging the university's claim as to the seriousness of its financial position. Another purpose for this initial calculation was to establish a baseline from which all reductions could be measured in order to plot progress toward established targets.

The retrenchment plans reflected considerable variety in terms of targets. At some universities, units were simply given an enrollment and a budget target for 1983-84. In others, a third target--staff FTE's--were added; sometimes the staff target was finely divided into senior faculty, junior faculty, clerical, technical subtargets. Some universities used not only budget and enrollment reduction targets but revenue targets as well. The complexity of the book-keeping is increased many fold when both revenue and expenditure targets are

monitored but the successes experienced by the universities using this scheme suggest that the effort is well rewarded. Under such procedures, units can make tradeoffs--relieving their budget reduction target with a corresponding increase in their revenue target. Frequently people became so intent upon cutting costs that little time and effort is spent on the equivalent operation of increasing revenues; sometimes the revenue approach is far easier and more productive than cutting expenditures. The school of education within one university, threatened with closure, was able to preserve itself by bringing enough additional revenues into the university to place half its staff on outside funds. One administrator sagely noted that by giving people something constructive like a revenue target the deleterious effects of cutting, curtailing, and abandoning can be moderated.

Several financial officers were convinced that the universities coming through the 1981-84 period in the best fiscal condition were those that acted swiftly and were able to put in place a retrenchment plan that significantly reduced the budget during the first year, 1981-82.

Most of the universities used a formularized approach to setting budget targets. Rather than selecting a reduction percent on the basis of a purely subjective consideration of all relevant factors, planners began with the enrollments scheduled for a given department and by using cost/student FTE or students/faculty FTE ratios, derived a corresponding budget, deemed to be adequate for the workload. Such mechanically obtained budgets were always considered to be but the first approximation to which adjustments could be made upon consideration of academic and judgmental issues. For example, when national norms were used, departments were usually given an opportunity to demonstrate why they warranted exceptional treatment and to suggest a more appropriate measure. In general, formularized procedures encountered little

opposition--probably because the calculations seemed reasonable, understandable, open to review, and perhaps the only alternative to a process that would otherwise be highly subjective and conducted by a small group behind closed doors. The formula driven process was particularly useful if done by computer for then the many revisions and monthly updates could be easily made and printed for distribution. Several models incorporated such refinements as calculating budget changes at the margin rather than the average and used techniques that moved departmental budgets toward a norm established by using data collected from peer institutions. Several universities were spurred by the crisis into using a formula approach--presumably for the advantages noted above. In these instances, planners sometimes found that when the formula was first applied, several departments were so far over-funded as compared to the model's norm that excessive budget cuts would have to be used to bring budgets into alignment; the usual solution was to allow this realignment to take place over a transition period of several years.

The universities that used computerized models and the more sophisticated techniques to set targets for departments were those that had put them in place years before to allocate resources and had already gained tacit acceptance of their use. The other instances of model usage were characterized by hand calculations and simplicity of design--features which seemed to be appropriate to the short term needs of the situation.

Miscellaneous Findings

Longer term planning seems to have ceased with the demise of the quinquennial system. In terms of quality and intensity, the planning that took place over the 1981-84 three year period was clearly an improvement over the year to year ad hoc planning that generally marked the five year period leading into 1981. Most administrators involved in this last retrenchment exercise now

seem to have a new determination to develop a strategic planning process within their institutions. The alternative to this, which is a year to year adaptation to the government's funding policy and the UGC's allocation mechanism, no longer seems viable.

I found very few individuals within universities who were engaged full time in matters related to planning. At only one institution was there a unit functioning as a planning and information resources office. Planning tended to be a subsidiary task assigned to several administrators whose operational duties preempted most of their time.

One university that formerly had to rent commercial space for extra classroom needs was able to significantly reduce this expense by a more careful analysis of classroom usage and a few simple changes to the daily timetable.

At the advent of the UGC retrenchment the student leaders at one university recommended that administrators regard the crisis as a short term aberration and resolve it, not by cutting budgets, but with the use of reserve funds, short term borrowing, and the sale of university land.

Frequently the library and the computer center were deemed sacrosanct and rendered immune to budget cuts. This was decidedly not the case when the university was saddled with an extremely high budget cut.

One administrator in charge of facilities and maintenance stated that an objective view of their operations disclosed an unnecessary amount of preventative maintenance. Subsequent reductions did not seem to result in any deterioration of facilities.

Some universities used the retrenchment exercise to restructure their institution but most seemed to regard this possibility as too important a policy matter to be decided when the university was under the strain of a crisis imposed from outside.

CHAPTER 4: REFLECTIONS ON OUTCOMES

Introduction

In the three years that have elapsed since the government began the current retrenchment, nearly every observation contained in this chapter has surely been voiced or stated in print many times over, and so, if originality is not to be one of the values of this chapter, one must look elsewhere for its purpose. At the inception of this project there seemed to be an interest in having an unengaged, outside observer look over the higher education scene in the United Kingdom and assess the changes brought about by the retrenchment exercise. Even where such an exercise results only in a reiteration of familiar conclusions, the reinforcement may have worth. This then is what I have attempted in this chapter. I have tried to retain my impartiality and avoid the presentation of any particular side of an argument or viewpoint other than my own. Certainly it is far easier to discern what changes have taken place than it is to make a value judgment on those changes. In general I have avoided the latter except in those instances where my convictions were particularly strong.

An Increase in External Influences

One of the first impressions to strike an American observer is that the British university system has, until very recently, enjoyed an incredibly insulated existence. Compared to an American, public, land grant university the typical British counterpart has been relatively free from pressures exerted by its various constituencies; American public universities are far more influenced, for better or worse, by student demand, employment conditions, government policies, and concerns of industry. However, as I traveled from university to university in Britain, I began to sense a tightening of the

pressures on the university systems. Although my perception of these recent changes was gradual, the changes themselves certainly were not. To those working within the university system the events of the last three years and continuing still must have seemed like the world turned upside down.

The most pronounced pressure placed on the university system in recent years has been that exerted by the government. The government had been scaling back the higher education investment since 1972, but these actions manifested themselves more as a matter of benign neglect than overt policy. The magnitude of the 1981-83 budget cuts, however, clearly indicated the government's intentions and set off a series of interconnected actions and reactions.

The UGC was created to protect the universities from governmental interference by serving as the allocation instrument for funds provided by the government. Through the decades of growth the UGC was able to subtly steer the entire university system in the direction of what was considered best for the nation by judiciously selecting those areas to receive additional support. However, once the funding for the system became inadequate, the UGC was placed in the role of distributing budget cuts, an activity with high visibility. At this point the UGC recognized and stated that it would have to assume a more overt and active role by intervening more in the affairs of individual universities. In the 1981-84 exercise the UGC distributed differential budget cuts and enrollment limits. It exerted considerable pressure for restructuring specific institutions by using the enrollment limits placed on the broad areas of science, arts, and medicine to effect shifts. In some universities the UGC extended its influence down to the departmental level by suggesting what disciplines should be strengthened and which should be curtailed or phased out. In addition, the "new blood" program, by which the UGC awards additional academic posts in certain disciplines to selected universities, served as an

additional means for pushing the university systems in a prescribed direction. The general shift in enrollments engineered by the UGC, as encouraged by the DES, has been away from the arts area and into science. Critics of this policy have been quick to point out the inconsistency involved in pushing more students into the sciences, where the educational costs are twice as high as for the arts disciplines, at the same time as cutting back the funds. In any event, the UGC now finds itself intimately involved in extremely intricate deliberations ranging from national policy issues down to the proper support for the department of A at university X--a task for which the committee is not adequately staffed. Most of the people to whom I spoke felt that the UGC had quite properly expanded its role in the light of recent events. This approval did not extend to the methodology (or lack of methodology) used to levy targets. Everyone felt that the UGC permanent staff was both too small and not composed of the proper skill mix to adequately cope with the task at hand. In addition, several administrators were dissatisfied with the "new blood" concept. While everyone gaining new blood positions was happy to get such assistance, most view the process as an intervention by the UGC into academic staffing and several freely admitted that such new positions were not high on their priority list. Since the UGC will only fund these new positions for five years, the long term evaluations of this program will not occur until an institution finds itself with several tenured faculty members in low priority areas for which there suddenly are no supporting funds.

In their search for relief from the government's budget reductions, many universities turned to industry and enlarged upon their cooperative efforts in that sector. The involvement in sandwich courses, research contracts, science parks, etc., has noticeably increased in recent years.

Likewise, the search for overseas students has been extended now that full cost fees can be charged. Some institutions have designed special courses of study for a specific overseas clientele.

Thus, the government's funding policy has had the ripple effect of forcing the universities to become more dependent upon funds from several other sectors--industry and overseas students. These changes are bound to weaken the autonomy of the universities and lead to a system that is far more responsive to its external publics. As we have found in the United States, such responsiveness presents both benefits and drawbacks to the institutions. It is yet to be seen if it is healthy for the British universities to be more dependent upon overseas students and linkages with industry and less upon the government; perhaps it will simply represent a change of masters--from one with some degree of stability and modest expectations to those which are very susceptible to economic fluctuations and insistent upon their expectations.

To many academic administrators the government's indirect influence over university enrollments and staffing became but a minor concern when the government began to suspiciously eye the conditions of tenure. Even in the best of times there is no topic in academia as potentially explosive as that of tenure. Now that thousands of academics are acutely aware of how tenuous their employment situation has become in recent years, it will be virtually impossible for all concerned parties to conduct a calm, measured discussion of how tenure might be redefined and made conditional upon fiscal considerations. As an outside observer, I fail to understand the government's insistence on inserting fiscal exigency clauses in faculty contracts--current or future. As frequently noted, many of the university charters do permit the termination of tenured faculty for fiscal reasons, but these legalities did not lead to any severance of tenured academics during the retrenchment exercise. It should by now be

clear that tenure is not as much a legal issue as one involving the academic ethos. If the government should clear the way via the Privy Council or even with a Statutory Commission set up by an Act of Parliament, it will still face a university system, similar to that in the U.S., that is extremely reluctant to use its legal powers to dismiss tenured faculty.

The government's current interest in how well the universities are managed does not seem to have provoked much concern in the academic community, which to my mind is surprising. Although the steering committee that conducts the Jarratt studies will report to the CVCP and the UGC, it is no secret that the government is the initiating spark behind these investigations. From my experiences in working with State auditors, I am not sanguine about the steering committee's ability to control the zeal of management experts drawn from the industrial sector, particularly when such all-encompassing activities as budgeting, planning, and resource allocation are the processes under scrutiny.

The recent changes in the relationships between the universities and their revenue sources--government, industry, and overseas students--have not extended to the fourth important source, home students. Aside from a few universities that have designed their course structure around the needs of industry and business, most are untouched by what we commonly call "student demand" in the United States. In fact, I find it difficult to perceive any way in which students could express their preferences within the current education system. To begin with, the universities are operating in a seller's market; nationally there are three qualified students for every university place and locally the ratio is often 10 or 15 to one. The trend, under the recent enrollment limitations, is toward even greater competition for a university education. The degree of specialization begun in sixth form education makes it difficult for students to greatly alter their career plans before going to a university,

and once enrolled in a university course a student can not change his/her major or university without starting over again and perhaps losing government support. These conditions ensure that the British universities do not experience the sudden and sizable swings in enrollments that occur within American institutions when students react to the job market or reflect some sociological trend by changing their enrollment preferences or by switching majors once admitted. Although such swings are an administrative nuisance, they do reflect a healthy and natural responsiveness to the environment.

At this point, it may be helpful to the British reader if the phenomena of changing majors is expanded upon. An American student is usually admitted to the university and only secondarily to a particular course of study (major). Frequently a student can postpone declaring his major for one or two years. Each course (lecture) carries a numerical credit value and graduation requires that a student accumulates a specific number of credits, distributed over the various subject areas in a manner that is prescribed as being appropriate for his/her declared major. At the undergraduate level, many of the required credits can be freely "elected" by the student choosing courses from across all disciplines. In fact, students are urged to select a diverse array of such courses. Since credits have evolved into a very standardized and portable unit of measure, a student finds it very easy to change his educational plans, drop out of one declared major and take up another one--carrying along accumulated credits. At most universities over half of the students change their major at least once. The courses offered by different universities are standard enough in content to allow universities to honor the credits taken by a student elsewhere and so even the switching of universities is relatively easy and does not cost the student much in terms of lost time. Thus the student body in any

American university is extremely free to flow across departmental and university boundaries in response to a myriad of influences.

I would remark that my concern for student preferences should not be mistaken for an advocacy of governmental manipulation of the higher education system to carry out some preconceived manpower scheme, which is a quite different matter. And yet, as a parent and teacher, I am very uncomfortable with the idea of young people being "plugged" into a designated slot in society too early in their lives. Perhaps the Leverhulme proposals to alter the structure of the British education system were not the proper first steps for giving students more options and more latitude for change; however, the university responses I saw that were related to this issue in the UGC's 28 questions, suggested to me that the universities are perhaps too set against any change in accommodating to the desires of students. I have no ideas as to how university admissions can be made responsive to student demand but I do feel that such a change would be healthy for both the students and the universities.

Having noted the increased pressures placed upon universities to make them more responsive to their several publics I would like to move on to briefly talking about other, less global outcomes of the retrenchment.

Increases in Efficiency

Several university administrators ventured the opinion that perhaps their institutions had improved as a result of the retrenchment--that it now was a much leaner and smoother operating enterprise. These statements, however, were always quickly followed by the caveat that any further retrenchment will prove to be deleterious if not ruinous. There were many administrators at other institutions that did not share such optimistic views; these people stated very emphatically that the retrenchment was destructive and had brought their university to a point of delicate balance where any further cuts or new

initiatives could only be supported by the loss of some valued service or unit. Both camps agree that the system is stretched as far as it can go without some very serious changes taking place. Given this assessment of the situation, current rumors as to the future funding for higher education are very disturbing. In 1981 the retrenchment was commonly viewed as a mechanism to reduce the university system to a scale more appropriate for the declining enrollments predicted for the next few decades. Most felt that the 1984 support levels, once gained, would be maintained by the government. It is now clear that level appropriations are not likely--in fact, one often cited figure is a further reduction of 15% over the next 15 years. On several occasions I have heard government officials state that the relative ease with which most universities managed to meet their 1984 budget targets--despite initial predictions of disaster--indicates that there was indeed much fiscal fat in the system. Even more questionable is their claim that a second retrenchment cycle would probably be needed to bring the university support levels in line with future demand. This appears to be the making of a dangerous situation. Some universities certainly had no difficulty meeting their budget targets; in some cases it was indeed just a matter of shedding accumulated inessentials. In those institutions required to make a reduction in excess of 15%, I feel certain that the retrenchment was far more difficult and painful. The major point, however, is not a matter of determining how easy or difficult it was for each university to reach its targets, but rather the importance of accurately gauging their current fiscal health before embarking on yet another retrenchment program. In my opinion, most of the universities that had to struggle through a double digit budget cut have their backs to the wall, as do some of those that suffered even smaller cuts. My argument for this claim is based on the fact that an examination of how the budgets were reduced will reveal that the bulk of the reductions

resulted from loss of personnel. By taking advantage of every vacancy that occurred--whether by natural attrition or early retirement--universities were able to scale back their academic and support staffs to a marginal level and recover the salary funds. If further reductions are being contemplated, there are two considerations that must be examined:

- (1) Can the universities lose any more staff without making a corresponding reduction in instruction, research, and public service?
- (2) How can further staff reductions be achieved?

Question (2) represents a problem of such proportions that the discussion of (1) is rendered moot. The universities that were required to make significant budget reductions--with the exception of one--did it with heavy use of early retirement. At such institutions the staff ranks are now bare of people 60 years or older. In other words, the future flexibility afforded by people near retirement age was mortgaged to pay off the 1981-84 retrenchment. In addition, the tightening of the university system has greatly reduced the number of occurring vacancies and thus curtailing the normal mobility of the staff. This means that even the natural attrition rate will be less than usual for the next few years. A university faced with the need to further reduce its staff would now find that normal attrition and retirement provides little relief. To accomplish these ends by an early retirement plan would cost far more than even the government could responsibly bear since the program would have to dip into the faculty and staff members who are 55 years old or younger. I think the age configuration of the university faculties would substantiate the claim that normal attrition and early retirement can no longer provide the staff reductions necessitated by another significant retrenchment. The next path of inquiry would be to consider the possibility of involuntary terminations, a topic that becomes far too hypothetical for a report of this nature.

In summary, the university system may indeed be doing more with less, but this efficiency was gained at the cost of fiscal flexibility for the next five years. It is to be hoped that a decision to conduct further retrenchment will only be made after a thorough study of university finances and staffing. The chairman of the UGC has recognized this situation and stated that another major retrenchment would have to be dealt with by closing selected institutions.

Effects on Research

Given the government's desire to place more emphasis on science at the expense of the arts, it must have been unsettling to hear reports to the effect that the retrenchment has had disproportionate impact on research, the life blood of science. Many faculty and administrators confirmed this claim and gave me examples of deterioration in research potential. As any American scientist will attest, much time and effort must be spent in locating likely sources of outside funding, writing competitive proposals, and periodically making progress reports, once the researcher is forced to solicit funds from outside sources. The more time that must be spent in acquiring external funding the less time there is available to do the research.

What effect the premature loss of many senior faculty due to the early retirement scheme will have on the nation's research capability is yet to be seen. The extent of the loss may never be assessed, but my feeling is that it has been underestimated--if it was thought of at all. Several studies, reported in academic journals, have noted that, contrary to popular opinion, the most productive researchers do not suffer a significant diminishment of their powers with age--some become even more productive. Very few people brought this issue up as being a problem. Most seemed to view the replacement of senior faculty with "new blood" as a net gain.

Universities have generally tried to shelter their academic researchers by cutting proportionately deeper into the secretarial and technical staffs; this eventually places a greater administrative burden on the research staff and detracts from their research. Under the dual system concept, a proportion of the UGC block grant to each university is intended for basic research, but since the exact amount and the manner in which such funds are to be used to further research are both unspecified, it becomes very difficult to estimate the funding for research within any university. However, the consensus among people to whom I talked was that the retrenchment has both directly and indirectly diminished the university research programs.

In the United States there is a constant struggle between proponents of basic and applied science over government funds. Due to a national propensity toward things that are practical, immediate, and concrete the basic researchers have always faced an uphill fight just to maintain a constant level of support. A similar problem may begin to develop within the U.K. as industry assumes a larger role in the support of university research and begins to exert more pressure for short term applied research projects.

As government funding is withdrawn, the universities need replacement funds that are completely unrestricted. Under the current tax structure there are insufficient incentives for individuals or corporations to donate such funds. Many British universities have begun to develop American style fund raising campaigns and some have achieved moderate success; however, until the proper tax incentives are in place most universities will obtain but modest results.

Several administrators remarked that their universities formerly exerted so little control over the research overhead negotiated by their academics that the universities ended up subsidizing some of the contract work. The retrench-

ment compelled universities to adopt a more business-like attitude and put research contracts on a self-supporting basis. Now there is considerable discussion as to whether the 40% overhead margin typically claimed is sufficient.

Early Retirement

To me, one of the most interesting aspects of the retrenchment was the extensive use of early retirements (ER). I have already discussed the limitations of ER as a cure all for massive and continuing fiscal problems; however, considerably more should be said about its beneficial effects. Currently there is much interest in ER policies in the U.S. However, this interest is tempered by a certain uneasiness concerning what might go wrong. There have appeared in the literature enough hypothetical scenarios wherein the short term costs bankrupt the institution or the most talented faculty retire early, that most administrators are reluctant to introduce a major ER scheme. We are all dipping our toes in at the edge of the pool waiting for someone else to make the first plunge. Perhaps the British university system has performed this service.

My tour of fourteen universities made it clear that the success of the retrenchment exercise was almost entirely due to the UGC funding of the costs associated with the early retirement (ER) program. Few of the institutions subjected to budget reductions in excess of 15% could have survived without significant curtailment of their academic offerings in the absence of the ER program. The benefits of this program were apparent to everyone. It certainly gave many older faculty members a unique opportunity to leave with little if any financial loss. This, in turn, allowed the university to consider the nature of the empty position and make one of three decisions. If the position was located in an academic area of low interest and one which was tangential to the mission of the university, the position could be left unfilled and the

budget reduced. Or, if the position was needed, it could be filled by a young, junior academic thus bringing in talent with promise and new ideas at the same time as the salary budget was significantly reduced. A considerable amount of academic restructuring was accomplished by a third option wherein a new faculty member was brought in to fill, not the vacated position, but a newly created one in a different specialty. The UGC encouraged personnel decisions of the first and third type by contributing the funds required under the PRCS early retirement scheme. In the second example, where a senior academic is simply exchanged for a junior faculty member with no reduction in staff or change in departmental emphasis, the UGC did not feel that enough was achieved to warrant their support. The early retirement program seemed to have been extremely well handled at all the universities I visited. Regardless of the financial inducements, a successful ER program is very much dependent upon other considerations. For example, if the program had assumed the appearance of an instrument with which to eliminate the less effective staff members, there might have been few volunteers. The provision of special, low cost perquisites like library privileges, office space, senior common room membership, etc., were surprisingly important. Although the financial terms of the ER options, as supported by UGC funding, were uniform, each institution was able to add non-monetary inducements and determine the group of faculty to whom the policy should be offered. It did not appear that morale was much affected by restricting the ER option to certain well-defined categories of academics. For example, it posed no problem for administrators to restrict the engineering faculty from taking early retirement. Morale problems arose when the exclusion categories were less clear as in the case where one faculty member would be granted early retirement but a colleague in the same department was not allowed to do the same because it "was not in the managerial interest of the university". Since the early retirement

benefits were so generous, several universities forestalled potential morale problems by ensuring that no faculty member, who elected early retirement and returned on a part-time teaching contract, would earn a total income exceeding the salary of those colleagues of the same rank who remained in the department.

Most of the institutions indicated, by means of their early retirement policy, that the loss of senior faculty was more than offset by the fiscal benefits and/or the opportunity to add young academics to the staff. As already noted, the effect that the loss of the more experienced faculty members will have on the research programs and the governance of the universities is yet to be seen.

Several universities plan to continue the early retirement scheme beyond the government's cutoff date by using their reserve funds to cover the short term costs. In this situation, the university is no longer dependent upon ER financing from the government and is free to devise its own set of incentive options. Such institutions may want to consider using incentives that are structured to have greater appeal to the less productive faculty member--an idea that has been given much attention in the United States. In many American universities faculty salary increases have been based, at least partly, on merit for nearly a decade. Within these universities one can with some assurance equate low salaries within a given department with the less productive faculty members. Thus, if the ER incentives are structured to give relatively large supplemental payments to those whose salary is a certain percentage below the average for their unit and next to no supplementary payments to those with salaries far above the unit norm, the university can ensure that only their less productive people will retire early. Such a system can be used to improve the effectiveness of the faculty without the need of approaching certain individuals and trying to interest them in retiring--a practice that can have detrimental

effects on morale and even lead to harassment in some cases. Since this procedure is dependent upon some agreement between an academic's salary and his/her value to the university, I am uncertain as to whether it will work in the British system where salary levels are perhaps more reflective of seniority.

Tenure

The issue of tenure received much attention during the retrenchment but not nearly as much as would have been the case if the early retirement program had not been available to take the pressure off the tenured staff. The government's preoccupation with weakening the permanency of tenure indicates that tenure is viewed as a major obstacle to a scaling back of the higher education establishment--as indeed it is. My reaction to tenure within British universities is that it is too quickly and easily gained. When one university administrator was asked if he could recall any instance where a probationary academic did not receive tenure, he thought he could recall one case around 1970. The prevailing attitude seemed to be "if this university thinks enough of a person to give him an academic position, then he is clearly good enough to gain tenure", an attitude that is commonly referred to as a self-fulfilling prophecy. In fact, at several universities I found that the concept of a "temporary" or "probationary" faculty member to be nonexistent; that everyone had a de facto tenure and the initial waiting period was but an inconsequential tradition. Given this outlook it should come as no surprise that the "probationary" period is short--rarely longer than two years--for, once a candidate is appointed, he/she has essentially passed the major academic hurdle. Due to early specialization, it is not at all unusual to find tenured academics who are still in their twenties with nearly 40 years of assured employment ahead. I think this is an issue with which the British universities must quickly come to grips. In the government's view, the universities appear irresponsible by

awarding lifetime employment after a short and invariably successful testing period. If tenure is to be preserved, it may have to become more sparingly given. It is an accepted sociological principle that anyone who has successfully passed through an arduous testing process, upon completion, suddenly finds great merit in such a system and becomes a strong advocate for its continuance; thus, my attitude concerning tenure should be suspect and tempered by this human failing. I do feel that a longer (5 to 7 years) and more rigorous (perhaps a 75% success rate) probationary period would gain nothing but benefits for the universities. It would certainly make tenure a more creditable status in the eyes of those outside academia. Young academics serving a probationary period would tend to view themselves more as journeymen scholars with much to prove (as indeed is the case) rather than as established intellectuals. By extending the testing period and reducing the success rate, more young scholars, many of whom are now locked out during the initial appointment process, would be given a chance to prove themselves. Except in certain isolated cases, such as mathematical and musical genius, the potential for a long and creative intellectual life can hardly be assessed on the basis of early accomplishments--often a single piece of research. In my view a longer and more rigorous probationary period would give more young people a full opportunity to demonstrate their talents for an academic career, intensify the competition and generate better efforts from even the best people, and inculcate lifelong habits of hard work and high expectations. From the administrative viewpoint, a longer probationary period and lower success rate would guarantee a greater flow of "new blood" through the university. Also, the presence of a cadre of truly probationary faculty would provide the short term fiscal flexibility needed to handle sudden downturns in revenues that periodically occur. A great many American universities have in recent years set minimum restrictions (often 5 years) on

the period to be spent in a nontenured status and made the attainment of tenure more difficult--sometimes even setting a quota.

Strategic Planning

If it is possible to ascribe beneficial properties to anything as traumatic as the retrenchment that the British university system has undergone, I would say that the lessons learned about planning would fall under this rubric. Although the quinquennial system provided an ideal environment for planning, it unfortunately was active only during the period of great growth in the British higher education system. As we have all learned, it is difficult for planners and administrators to look back during growth periods--ample funding will correct many errors of judgment or inadequacies in planning. Certainly much outstanding planning took place under the quinquennial system and many competent administrators were developed during the same period; however the exceptional conditions that prevailed as a result of unlimited initiatives and the availability of funds made it difficult to evaluate the merits of the planning that was done or to judge the adequacy of the organizational systems set up to plan and allocate resources. This was not the case with the 1981-84 retrenchment exercise, however, for any inadequacies in the planning process soon became evident. Although the 1981-84 retrenchment was far from an ideal planning exercise--being essentially budget driven with the goals mandated from outside the universities--it nevertheless had the hallmarks associated with strategic planning--well defined goals, a relatively short implementation period, and the need to react to many environmental factors. From this standpoint, the British system gained experience that is likely to be put to good use in the decades ahead. As already noted, organizational changes were among the first made. Many administrators found that existing procedures were either too slow, incapable of leading to a decision, or lacking in coordination; in general,

these shortcomings were corrected early in the retrenchment. Most administrators found that the process of guiding the university toward enrollment and budget goals required frequent monitoring--usually on a monthly basis. In many cases the university data and report system was not capable of providing such feedback and had to be extensively modified. I saw several monitoring systems--some operating on a desk computer--that were very impressive. Examples of fiscal forecasting and cash flow management programs were common. Several universities developed computer programs that calculated budget targets for each department, based on enrollments and desired student/faculty ratios, and provided day by day updates on their current status. In every university I visited, the key administrators, including the vice chancellor, were much involved in the planning process; the critical nature of the retrenchment program made everyone aware that planning was not a function that could simply be assigned to one person or even a small group of people. This is a point which is only now being recognized in the U.S., where too often the total university planning effort takes place in a designated office and treated as an episodic task that is somewhat removed from the operations of the institution. I also found a high degree of cooperation existing between faculty and administrators and was told that the crisis did tend to pull people together. Certainly the sensitive way in which the early retirement program was handled bodes well for the future where a great deal will depend upon individuals placing trust in the institution.

Department Closures

Considering the magnitude of the cuts, there were few occurrences of department mergers and closures. Those that did take place were generally due to UGC suggestions rather than university initiative. Several universities flatly stated that the need to restructure was a creation of the government (UGC) and not a belief of the university. Unless directed to curtail certain

areas, these universities had no intention of changing their academic structure. Be this as it may, I could not help but feel that a unique, and perhaps not to be repeated, opportunity had been left to slip away. With the UGC paying many of the restructuring costs and a widespread turnover in senior faculty, it seems that some well-designed shifts in emphasis could have been beneficial. In those universities that had no choice but to close some departments, administrators were struck by the intense discord that followed. As we have found in the United States, the closure of a unit generates far, far more debate, hostility, and distrust than a budget reduction of almost any magnitude. Perhaps, in the British case, the equitable manner in which the involved staff were treated will tend to defuse future closures. I was surprised at how well retraining and reassignment of faculty worked. The idea of faculty retraining was a much debated topic a few years ago in the United States, but seems to have been deemed impractical and dropped. The British universities were able to produce a variety of reassignment examples, such as philosophers turned computer scientists, where the reports on the faculty member's enthusiasm and research were very favorable. One administrator noted that few such career changes would have been undertaken voluntarily under normal conditions but once the crisis made such a change necessary most people were able to quickly adjust and did so with great spirit.

Analytical Studies

As a professional institutional researcher, I was disappointed to find that only one British university had an analytical studies office and few others had even an individual assigned to such duties. In fact, there did not seem to be much interest in this type of service. Much of the disinterest is due to the small size of the average university and the thin administrative structure. The argument that everyone knew where to go for the information they needed and

that the closeness of the university community made it unnecessary to rely on data as a proxy for insight was very convincing. However, in those universities where there was someone performing institutional research functions the heavy use made of such data suggested that if the function is present it will be used. In fact, the data developed by one researcher is in such demand that he now distributes it to administrators located at over a dozen different universities. A study supported by the Leverhulme Trust Fund (Fielden, 1969) recommended the creation of an Office of Analytical Planning that would assist the finance and planning offices with the analysis of budgets, carry out ad hoc analyses for departments or senior administrators, and evaluate and report on all committee proposals. The author did not think that such an office would be economical for an institution of less than 3,000 students. He also recommended that two universities pilot such an activity to see if it was useful. Several such offices (or individuals) have been in operation for some years now; it would be very useful if someone evaluated the accomplishments versus the cost of these prototypes and reported the findings to the academic administrators throughout the British university system. Even if this is not done, I feel that most of the British universities are going to be led to the creation of an analytical planning (institutional research) office by a year to year increase in the pressure for more analyses and data. Strategic planning requires the support of such an office; administrators must have information on all aspects of the university and the means to assess the future effects of current actions. Many administrators and faculty committees have already found that resource allocation in a period of retrenchment becomes extremely complex. In time, they will become convinced of the necessity for suitable benchmarks for adequate departmental support--most likely in the nature of comparative data. Without the use of external norms for departmental staffing and support, institutions generally

rely on some historical level as being the proper indicator. The CUA study on resource allocation noted that those universities not using comparative data exhibited expenditures with the greatest deviance from the average. As the UGC becomes more analytical and open in its determination of allocations--as I predict it will--many universities will feel compelled to set up parallel data systems and analytical models in order to measure their own needs, as viewed by the UGC, and study the effects of various options designed to make the university more eligible for an increase in support.

Another use for external comparative data is defined by the requirements for "strategic planning", a concept that is rapidly gaining currency in the United Kingdom. In his book Academic Strategy, George Keller gave a vivid account of how Wesleyan University was brought back to fiscal health after tottering on the brink of bankruptcy. In this saga of modern day crisis management, external standards served as benchmarks against which the university could measure its own performance and expenses and determine the nature and extent of its problem. Such ratios as student faculty ratio, facility space per student, administrative costs per student, operating revenues versus operating expenditures, etc., were all important indicators when compared to external standards. During the recent crisis, British universities were provided by the government with ready-made goals in the form of enrollment and budget targets as well as the imperative for reaching these goals in three years. If the universities now decide to use the concepts of strategic planning to gain control of their own fate, they will find that the setting of goals and establishing a rationale for immediate action will be one of the most difficult planning steps to carry out. It may be impossible without comparative data for administrators to assess the current operation of the institution, decide what areas need to be improved, set appropriate goals, and convince the academic community that the status quo is not a reasonable option.

The Lanchester study was done by Mr. Fielden in 1949; many developments have occurred since then, not the least of which is the micro computer and a proliferation of sophisticated software programs. I do not feel that the smaller universities are any longer priced out of the establishment of an analytical studies office. Some of the most advanced work being done in the U.S. is the result of individuals equipped with desktop computers. As a member of a large office with many ties to mainframe computers and data processing organizations, I was amazed at how much can be done by one skilled, energetic individual and greatly altered my thinking as to what is minimally required. I should point out, without--I hope--offending anyone by omission, the work done by Douglas Porter at Manchester, David Packham at Bradford, and Bryan Taylor at Bath are being illustrative of what I think will be needed in the near future. One considerable advantage that the British universities have, but which has not been capitalized on, is the availability of comparative data. The raw data collected and tabulated each year by the IMF, while its organization being but the first step, constitutes a gold mine of comparative information that could be used to easily obtained. No comparable exchange of such data among government departments exists anywhere in the U.S. despite decades of efforts at building such exchanges. What could be done in the U.S., using electronic mail systems to facilitate the exchange of data, would put a glow in the eye of any administrator.

Once a university's administration and committees begin to implement the qualitative judgments with hard data to arrive at better decisions regarding planning, policies, and resource allocation there will quickly develop a general use of decision support data throughout the institution. At some point there will be an obvious need for a compilation of all useful data that is "official" in the sense of its being recognized by the administration as valid.

Such a "data book" has proven to be extremely useful in U.S. institutions and is a normal product of an analytical studies office. Several British universities already have such a publication in use.

Strategic planning requires a considerable amount of forecasting, not only to gain a feel for what the near future might hold but also to test various policy options by measuring their future effects. Because forecasting enrollments, budgets, staffing, etc., is both fairly complex and tedious to do by hand, the natural approach is to construct computer models. The existence of an analytical studies office would ensure that the university had the skilled people needed to build such models and the data needed to run them.

The Future

In my view, the greatest peril facing the British university system is the possibility of an extended period of slowly declining resources. Having survived a major retrenchment whereby nearly every university had to cut its operating budget from 10 to 20 percent, any future reductions on the order of one or even two percent a year will, on the surface, appear to be manageable. In any given year a small budget cut is indeed manageable; however, a sustained loss of one percent for a five or ten year period is a problem of a different order of magnitude—one that few institutions could now handle. The USC, in one of its 28 questions, set up a hypothetical situation—but a very suggestive one—whereby the university block grants are reduced one or two percent for a ten year period. One of the larger universities responded by showing what a reduction program of only 1% a year in resources per student would do to its budget. This is displayed in Appendix 7. The results are striking: they show a 1984-85 deficit of \$10,000,000 pounds which would increase to a cumulative deficit of \$1,400,000,000 pounds, a loss of 10% by 1994-95. The lack of natural attrition with which to offset some of these budget losses presents a problem of great proportions.

Program eliminations and involuntary redundancies would appear to be unavoidable consequences. Several universities are already attempting to get out ahead of just such a developing situation. They are developing budget forecasts based on an assortment of assumptions, one being a lengthy period of one or two percent budget reductions. There is hope that some strategy can be devised whereby, given enough lead time to reach prescribed goals, the losses can be negated by program changes, careful management of staffing, and new revenues. One feature of the British university system that facilitates such planning is the ability to carry forward reserves from one year to the next. Institutions can force their actual revenues into perfect congruence with their planning revenues by carrying forward small surpluses or making up small deficits from their reserves. This procedure would eliminate the unexpected annual surpluses and shortfalls that plague nearly all U.S. public universities and disrupt the planning continuity.

As speculative as such planning may seem, the alternative is an annual ad hoc adjustment to a diminishing budget, year after year.

It may be that universities are reluctant to make any planning commitments while there are so many major policy issues to be resolved. Such items as the outcome of the IS questions posed by the UGC, the government's policy on tenure, the Jerratt studies, and a definitive student enrollment forecast are all of such importance with respect to the near future that most planners would be adverse to plunging ahead if there is a possibility that some of these issues will be settled shortly.

CHAPTER 5: POTENTIAL APPLICATIONS WITHIN AMERICAN UNIVERSITIES

In this chapter I have culled out those policies, philosophies, procedures, and analytical techniques that I feel may be of interest to an audience of American administrators and which, at some time and place, may be used to good advantage. Much of what is discussed here has at least been mentioned in Chapter 3 or 4 and so the assiduous reader may expect occasional seizures of *deja vu*--a problem that the skimmer and the forgetful reader may not experience.

Personnel

Since the major reductions were made within the salary budgets, the policies that enabled universities to cut back their permanent staff with a minimum of discord are of interest.

The first step in the chain of personnel actions was one of intensive communication. Many of the vice chancellors, in a general newsletter, presented the magnitude of the problem facing the university and the process that was being used to work out an acceptable solution. The style of the newsletters was sincere and personal as opposed to guarded and bureaucratic. As proposed plans of action were taken up and discussed within committees, Senate, and Council, regular newsletters kept those, who were not intimately involved, abreast of the latest developments. I think such attention to providing accurate, detailed, and current information is extremely important. In recent years, several large American universities have produced such a series of reports in response to a major fiscal problem but these instances were unusual enough to gain mention in the *Chronicle of Higher Education*. Too often university administrators are reluctant to state their case in print and lay their supporting data out for all to see. This reluctance is a surprise in view of the fact that in principle administrators have usually served as

faculty members and functioned within the profession that most highly values the open competition between ideas. In a situation where a crisis is deemed imminent, where jobs and careers are to be affected, the factors contributing to this appraisal of the situation need to be examined closely and from many perspectives. If the evidence will not stand up to such scrutiny, if no one can be found who can articulate a rational, convincing interpretation of the evidence, then the logical step is not to avoid explanation but rather one of reassessment. Occasionally it may be felt that minutes of meetings and articles in the student newspaper are sufficient, the implication being that the people who are really interested will make an effort to inform themselves. Such is not the case. Too little information delivered up long after the fact only serves to create an atmosphere of uncertainty in which rumor and suspicion can spread across the university community. If, as was done in nearly all the British universities, the entire staff can be educated to the need for immediate and drastic action, the energy and creative force of the entire university can be directed to the task of devising and simultaneously implementing several lines of attack on the fiscal problem.

After initiating the communication phase, most universities then began laying the groundwork for the personnel actions that were obviously to come. When possible, vice-chancellors stated that no involuntary separations of employees would occur; some universities even passed such a declaration through the senate and Council. In all cases where speculation about forced resignations were laid to rest by such a declaration of policy, the entire crisis situation was defused and subsequent events were able to proceed at a much faster pace. As already discussed, the UUC at an early date indicated its willingness to provide the funds needed to carry out early retirements under the existing FRS scheme. This relieved the universities of a particularly

difficult problem--that of formulating an early retirement plan that would minimize the cost to the institution and yet was attractive to the faculty. American universities are, unfortunately, not able to escape this task, which has certainly been one of the features that has retarded the widespread use of early retirement. The fact that the PRCS scheme proved to be a considerable inducement toward retiring early may serve to give us here in the United States an upper limit--i.e., there may not be any need to develop an early retirement program that is any more attractive than the PRCS; perhaps something less would suffice. Under the PRCS formulation an academic retiring in his late fifties with 20 to 30 years of service would receive a lump sum inducement that is somewhere between one or two times his salary. By investing this lump sum such a retiree would draw a combined retirement income that was nearly 80% of his current take home pay. The success of this program in Britain may indicate that a similar arrangement would meet with widespread acceptance in the U.S. This, I would suggest, represents the upper limit on what would be required. Many American universities have had considerable success in working with faculty in their early sixties by investing far less money in early retirement enhancements; often the payment of 10% of an employee's salary into TIAA/CREF for each of his/her remaining work years is sufficient--an investment of only 50% of one year's salary for someone who is 60 years old. The short term cost to an institution in making early retirement attractive generally becomes prohibitively expensive for employees younger than their late fifties.

In one university an effective procedure was used to pass some of the costs and decision-making related to early retirement down to the department level. Since the USC would not fund the early retirement costs in all those cases where a department wished to allow a senior academic to retire early and yet felt it necessary to refill the position, the extra costs associated with

the early retirement inducements were by the department. These costs were paid off by keeping the position open for one or two years and surrendering the funds to the university. Thus each department was able to allow early retirements that otherwise could not have been afforded; also, since the department had to shoulder an extra workload while the position was vacant, this ensured that approvals of early retirement requests would be made in the best interest of the university and not for superficial reasons.

Over and over again I was given evidence of how important seemingly trivial perquisites were to making early retirement attractive. Some of these were the freely given title of emeritus rank, library privileges, and membership in the senior commons room. A more significant privilege was one that allowed an academic to use an assigned office or even a laboratory in the university. Sometimes these were shared spaces, sometimes not. Usually an institution undergoing retrenchment finds that space is no longer at a premium, a fact which makes this perk inexpensive. The above listed inducements cost the university little but provide considerable allurements to those academics who have grown tired of the routines of teaching and yet are still interested in continuing their research or at least some contact with their former life and colleagues. Many British universities permitted yet another inducement--part time teaching--which appealed to those faculty who enjoyed teaching but lacked the energy to continue at a full time pace. Since the UCC paid the cost of rehiring such part time retirees for up to three years this privilege was freely granted where such service was needed. American universities will not be so fortunate to have someone else paying the bills for such a part time option; however, there may be many instances where such arrangements are economically and financially feasible. For example, many of the faculty retiring early will be associated with departments or programs that are being

discontinued. To accommodate the students yet enrolled in such programs a phase down period of up to three years may be necessary, with the instructional loads diminishing each year as successive classes are graduated. In such a situation a flexible, experienced instructional staff consisting of part time retirees is ideal.

Relative to the option of early retirees working part time, several British universities found that in those departments where the retirees worked alongside colleagues who were not permitted to retire early, that it was necessary for obvious morale reasons to ensure that the total income of the retired academics did not exceed that of their full time colleagues.

One theme prevailing throughout all the universities visited was that the early retirement scheme would not be used to eliminate the less productive faculty members. Certainly much "deadwood" was moved, and I spoke to several administrators who felt that on a purely ethical basis the non-productive staff should have been the first group to go. However, the consensus was that in a situation where the voluntary staff reduction via early retirement had to extend far beyond the least productive group, the only way to make it widely acceptable was to avoid branding it as a procedure for unloading the unwanted. Administrators had to work at making early retirement respectable. I was told of one department that was unable to gain even a single early retirement until the most respected academic in the unit elected it and then a large group rushed to follow. Obviously, the staff needed some stronger evidence than simply words that early retirement was not intended for only the underachievers. In order to avoid stigmatizing early retirement, communications were handled with great sensitivity. The letters describing the scheme were sent to an unselective audience such as all those 35 years or older. Follow up interviews were held in confidence and usually involved a neutral party such as a small

committee of very senior academics or an administrator having no decision-making role in the early retirement process. Most universities left all further action up to the faculty member to initiate--administrators did not approach people about their retirement plans. The importance of making early retirement a voluntary and honorable exit from a long career is one that needs to be noted by American institutions. Too much of our early retirement literature is devoted to devising clever formulations that penalize the highly paid (productive) and reward those with low salaries (deadwood). Taking such an approach, which announces that only the unproductive retire early, guarantees that there will be few takers; even people who are past their creative peak, have lost much of their drive and interest, and who do have an interest in retiring early, still retain their self pride. In summary, an effective early retirement plan must, above and beyond attractive monetary features, provide ancillary perquisites that helps a retired academic to gradually loosen his/her ties to the institution. All communications and negotiating procedures leading up to early retirement must be handled sensitively to avoid stigmatizing the option. In addition, I feel that people must be given professional assistance in working out the complex calculations that allow comparing early retirement pension payments with regular retirement benefits. Now that a faculty member typically has a diverse portfolio of TIAA/CREF, SRA, and IRA investments, the complications alone pose a severe disincentive for early retirement. Most of the British universities performed these calculations and comparisons for the interested person.

Many of the universities I visited had experienced considerable success in reducing their faculty by simply liberalizing their policy for taking leave without pay. This became an attractive option for many academics once the leave period was extended to three or four years and their superannuation scheme was guaranteed by the home institution in their absence. It seemed to me that this

policy is one of those rare instances where everyone benefits; more use of it needs to be taken in American universities. Many faculty reach a point where they welcome an opportunity to move into a new area of research or simply to practice their expertise in a new venue, be it government, industry, or another university. A one year leave of absence is not enough time to justify the costs and inconvenience of moving. A leave of three years would. From a faculty member's viewpoint, an extended leave would provide enough time to try out a new line of endeavor and make a major career decision without burning all bridges behind. In those cases, where the decision is to return once again to the home institution, the person returns as a more content and resolved individual now that certain career opportunities and allurements have been explored and proven empty. Likewise, the home institution benefits. If the faculty member on leave never returns, the university can either reduce the staff permanently or bring in "new blood". Even when the faculty member returns, the university has benefited from a two or three year reduction in the salary budget and now receives back an individual who is more broadly experienced by his/her work while on leave.

Redeployment of academics to other university positions worked very well although the number of cases was rather small. The retraining of faculty was a topic of wide discussion in the United States not too many years ago, but it faded as critics posed questions to which there were no ready answers. Certainly in Britain it took something exceptional--the retrenchment--as a necessary condition before academics would even consider reassignment or retraining. In isolated cases where units were scheduled for closure, the options for the academics involved were those of reassignment, retraining, or termination. Once the situation was accepted, however, the people involved became quite positive about their prospects. Surprisingly enough, many of the reassignments were

made along lines related to a person's avocational interests rather than his/her previous academic specialty. Examples of scientists going into music and art departments occurred with some frequency. Most of the retraining involved a masters degree in computer science and reassignment into such a department.

For the readers who are employed within an umbrella organization such as higher education or state university system, there may be some useful ideas to be found, not so much within how individual universities handled their reductions, but rather how the UGC managed the overall retrenchment. If the desired end result within a system is a specific reduction in instructional staff, it may be effective for the central organization to withhold a block of funds sufficient to finance early retirements. If staff reduction targets are assigned throughout the system, it should be possible to estimate the funds needed to effect those targets via an early retirement plan defined by the central organization. The UGC's "new blood" scheme provides yet another idea for restructuring an entire state system. In fact, I feel that the Fulbright program for university administrators is an ideal opportunity for someone at a system level to engage in a mutually beneficial relationship with the UGC. The American representative could surely give the committee's staff some ideas for collecting and analyzing data contributed by the British university system and, at the same time, (s)he could benefit from being exposed to very creative ideas as to how an entire system can be restructured to better fit the national needs.

Techniques of Allocation

I expected to find few if any new ideas related to methods of allocating resources within British universities because American universities have for many years been leaders in this area. While I indeed did not find much in the

way of analytical techniques, I did come across several procedural methods that were either new to me or seemed worth relating.

At several institutions equipment funds were separated into two allocation blocks, one being allocated to departments as a recurring equipment budget item and the other to the college where the dean could allocate funds, on a non-recurring basis, to selected departments for specified equipment purchases. This arrangement gave the dean the ability to schedule major equipment purchases over the years. The same funds, if distributed to the departments on a recurring basis, would probably not allow many of them to make one-time large purchases. This would result in the same equipment budget being expended and the departments appealing to the university for special purchase funds.

In some of the universities that used rather complex analytical models to allocate funds internally, they found that it was considered necessary to periodically explain in detail exactly how the computerized models worked. These explanations were directed to faculty boards and department administrators who had to know what measures of productivity were rewarded. Too often in American institutions we assume that an allocation model that has been used for a decade or more is widely understood. We forget that people move in and out of positions, that information is misplaced and forgotten, that even models are sometimes changed. A triennial workshop for all unit administrators could be very useful for keeping everyone informed on allocation procedures and calculations.

Several British universities, under the press of severe budget cuts, decided to abandon the process of determining resource allocations by negotiation (a process that had become very frictious and lengthy) and instead use the more central approach of a computer model. As is often the case when such a transition is made, particularly if external benchmarks are used in the model, certain departments turn out to be far over supported relative to the new

procedure. Rather than modifying (or worst yet--abandoning) the model, the administrators decided to moderate the transition by phasing it in over several years. Departments suffering a large reduction in funds would move toward the lower levels determined by the model in incremental steps. Along these same lines, two institutions had allocation models that used the concept of marginal costs. Most models base allocations on average costs as related to some workload such as enrollment. Problems develop when enrollments decline but expenditures can not be cut proportionally, i.e., expenditures can not be decreased at the average rate but at the lesser marginal rate, a rate that is extremely difficult to calculate. Rather than ignore this problem as being insoluble, these administrators decided that an estimate was better than doing nothing and arbitrarily used a marginal cost that was a third of the average cost. Thus, a department faced with a sudden 30% decline in enrollment would suffer only a 10% reduction in budget. If in the United States such a principle was accepted by state officials for making allocations to universities during a time of enrollment decline, much of the current turmoil could be attenuated.

In general, the British universities now regard their academic posts much more like any other resource that is to be husbanded and wisely allocated. Most of the institutions have a position register or establishment log. A committee of senior faculty and administrators maintain this register and pass judgment on all position requests from units. In this way, gradual shifts in the composition of the faculty can be effectively carried out over time in accordance with a staffing plan. Many American universities have no firm position allotment for each department; often the control is budgetary, which does not restrict a unit from replacing a retiring professor with two assistant professors as long as the salary budget is not increased. Also, requests to create new positions to refill vacant ones are often decided on an ad hoc basis.

which does not lend itself to restructuring the university in a planned fashion. The British experience suggests that position control is important; perhaps a dual system that controls on both position count and salary dollars is what is ultimately needed.

Planning

Although the British retrenchment was a budget driven exercise, it nevertheless achieved results that reflect favorably on the concept of strategic planning. The 1981-84 retrenchment illustrated the almost unbelievable changes that can be wrought given the imperative for action, well defined goals, and sufficient lead time. Prior to this exercise no one would have predicted that a group of universities could make budget cuts ranging from 20 to 40% and survive with all the characteristics of a university intact. This makes one wonder what dazzling feat of educational refurbishment could be done here in the United States if institutions could be so motivated and guided toward strategic goals that are more constructive in nature than those selected by the British government. If one disregards the nature of what the British universities had to do so as not to confuse the aims with the method, there is something to be learned. The fact that the British university system was able to achieve an extremely difficult, mandated goal stands in stark contrast to what is currently happening--or not happening--in the United States. Here the concept of strategic planning is now well understood, all the needed procedures and analytical processes are in place, top administrators are solidly behind the idea of planning and yet the larger institutions are finding it difficult to move off from their established center of gravity. The British exercise may point out our three major problems. The first is the lack of commitment to institutional goals. How much easier is it to aim at keeping \$2 million off a budget than it is to "promote excellence in general education". The second is

the mushiness in the motivation. The British universities were told they must reach certain verifiable targets; we can only suggest that it would be politically, fiscally, or academically prudent if the university slid toward certain indistinct goals. The final necessary ingredient is a well defined planning period during which the funding level is assured. The British had three years. American public institutions must operate within a one, sometimes two, year budget cycle and, each year, adjust to unpredictable rises and falls in funding. Given these differences what can be learned from the British experience? The first step should be a complete overhaul of institutional goals. Every goal must specify a measurable level of attainment. Thus, an aim of "achieving first rank excellence in research" would perhaps be replaced by an entire set of measurable proxies:

- increase the outside funding for research to \$100 million in three years
- attract 25 members of the National Academy of Science
- double the number of graduate students holding NSF fellowships

The seriousness of the planning exercise must then be impressed on the university community at all levels. A newsletter from the president could begin the campaign by clearly stating the goals, explaining the evaluation process and the reward structure that will take place each year. Regular bulletins throughout the year would be used to display the current progress toward the goals, recognize outstanding contributions and generally make everyone aware that progress does matter and is being watched. Not much can be done about extending the budget cycle where appropriated funds are involved. However, irregularities in funding can be lived with once everyone is educated to what is happening. Again good communication is the answer. People must be made sensitive to the fact that an institution can only do its best to follow the strategic plan, that there will be times when short term necessities (a sudden

recall of some appropriated funds) will preempt the strategic considerations and perhaps result in actions that run completely contrary to the plan--in the short run. A well enlightened academic community will readily separate the short run and long run issues and not view any short term inconsistency as indicating confusion at the center.

Quite aside from the retrenchment exercise, I did find at one institution a convincing example of strategic planning in the best sense of the word. Beginning as a new institution with scant research visibility, this university was able to steadily work its way up from the bottom ranks of the UGC and research councils funding list to near the top. The achievement took over a decade of rigid adherence to a strategic plan aimed at developing the institution's research capability. Every promotion, new hire, and allocation of surplus funds was preceded by the question, "Will this enhance our research capability?"

Turning from the global aspect of planning, I would like to mention three local practices that I came across.

At one university, whenever it became clear that a particular unit was in need of a radical restructuring of its programs, the unit was pulled "off line" for a year. For this period, no new students were admitted to the unit and the staff used the released instruction time to redesign the unit's programs. This practice recognized the fact that it is extremely difficult for a faculty to overhaul a program while caught up in the incessant demands of teaching, advising, and research.

One university finance officer, noting the inadequate fiscal review that faculty planning committees gave to proposals for new programs or initiatives, suggested a solution. He proposed that the financial ramifications, both direct and indirect, of each proposal be explained and budgeted in detail on

forms similar to those used to submit a research contract proposal. Such a form would ensure that decisions were made in full awareness of all costs to the institution by regarding as incomplete any proposal that ignored, postponed, or glossed over any ancillary or indirect costs.

My final observation was that planning committees in British universities are largely academic in composition. There are many American universities in which not a single full time academic sits on the planning committee. To be sure, the faculty become heavily involved once the general guidelines are set, but this involvement is at the implementation stage, not at the juncture where the direction of the university is decided. After a prolonged immersion in a university system in which the faculty make university policy and determine the direction of the institution, in which administrators view their role as being the implementers and facilitators of actions determined by the faculty, one returns to view the American system with a more questioning attitude. Is it indeed "natural" that administrators make university policy? Can effective planning take place if the roles of policy making and implementation are switched and given to the administrators and faculty respectively? Can faculty, once excluded from the highest councils, really be regarded as being distinct from employees? And once this viewpoint is accepted, how far can it be extended before the management of a university becomes indistinguishable from that of a proprietary school?

Each year there seems to be developing a stronger feeling among administrators that effective strategic planning can only take place if the faculty is given a co-equal role in planning and policy making at the highest levels.

Retrenchment

Although many items discussed under the preceding headings could have been included here since virtually all planning and personnel actions were taken as

a consequence of the retrenchment, I include here only those ideas that are most directly related to retrenchment.

Every university had at least one committee assigned to the task of finding ways to meet the fiscal targets assigned by the UGC. This task, when properly done, involves considering ways to increase the revenues as well as decreasing the expenditures. Several universities, recognizing that the two components of this task require attitudes and insights of quite a different nature, assigned these two aspects to different committees, each composed of members whose personalities were compatible with the task. The revenue committee tended to be forward-looking and entrepreneurial in style whereas the expenditures committee was composed of individuals with more of a managerial and pragmatic outlook. The same reasoning that would lead to splitting this dual task at the university level should also apply at the department or unit level. A related idea occurs in the setting of departmental retrenchment targets within a university. Most institutions simply mandated budget, enrollment, and sometimes staffing targets for all units. This approach addresses only the expenditure side of the retrenchment. One university felt that the campaign for increasing revenues, which is usually left for central administrators to accomplish, could be enhanced if departments and units contributed as well. To make this a workable concept, smaller units had to be given an incentive; this was done by allowing them to offset budget reduction targets with corresponding revenue increases. Undoubtedly this approach is seldom seen because of the accounting difficulties; however, this university showed that it could be done. In fact, within the university, one college that was targeted for a 50% reduction in staff, was able to preserve its entire faculty by initiating an active research program that attracted sufficient external funds.

Because the retrenchment exercise was a matter of national policy and gained much publicity, most universities found that their external publics accepted their claims of fiscal crisis. There were, however, a few cases where union groups demanded evidence and expressed doubts as to the seriousness of the retrenchment. One university, forewarned by events taking place at a sister institution, had its evidence of fiscal exigency reviewed by an external auditing firm. This precaution could well be used in the U.S. whenever an institution finds it necessary to claim fiscal exigency. Because such a claim has such stressful implications with respect to tenured faculty the evidence is certain to be given close examination. A large university invariably has a complex array of funds, accounting conventions, and legal restriction; to throw open the books to a critical audience with self-preservation interests at heart is to invite difficulty. Within any university a considerable bulk of funds are expended in a manner that a prudent manager would consider necessary but an alarmed faculty would view as unnecessarily cautious. A time-consuming standoff between faculty and administration, each interpreting the same finances differently, could be avoided by the employment of an accounting firm to make the assessment of the fiscal situation, either independently or jointly with faculty and administration representatives.

Those institutions that were compelled to eliminate entire units soon found that such measures took far more time and occasioned more hostility than any other retrenchment action. Rather than closing department A and reassigning faculty to a related department B, some universities found that the situation could be better handled if the retrenchment action was called a merger of department A with department B whereby a new department C was created. In practical terms this amounts to nothing more than relabeling the activity but often such simple changes are very effective. This expedient also facilitates

the amalgamation of the two faculties, for the idea of a "merger" eliminates the problem of whether one group will be socially and professionally accepted into a receiving unit.

The next point is one that is more a warning than a successful strategem. The universities that had to make the largest budget cuts also had to perform the greatest amount of relocating of offices, classrooms, etc., In order to minimize utility and maintenance costs, units had to be relocated and consolidated as scattered spaces became vacant. The costs related to moving furniture and adapting space to the new occupants were considerable and not fully appreciated at the beginning of the retrenchment. Any American institution embarking on a significant retrenchment had best set aside funds for restructuring costs, particularly if short term cash flow is likely to be a major problem.

In a retrenchment exercise an awkward situation arises when isolated faculty members are to be relocated and placed in a new department. Often, the administration cannot simply demand that a department accept the faculty member; the difficulty arises when the department sees no advantage in gaining the transferred academic. Usually the issue is strictly a matter of funding. Why should a unit spend its scant resources to gain a relatively senior member when, for half the cost, they could recruit a young lecturer? Several British universities solved this problem by providing the gaining department with one half of the new faculty member's salary. Thus the department obtained a senior academic for the cost of a junior post; this usually ended the reluctance without further discussion.

The final point is but an observation. Several of the larger universities were surprised to find that as the early retirement scheme began to reduce the academic staff size, there was a simultaneous reduction in the number of academic programs. These institutions usually had a broad curricular array

that included many specialized programs with few students but jealously guarded by senior academics. As the senior people retired and the departments were left to ponder the fate of these isolated specialties, most of them were dropped. This enabled the departments to use more effectively their depleted staff.

Administration

I found the nonacademic administrators in British universities to be very well trained professionals. More importantly, the senior people were generalists who had experience and training in nearly every operational aspect of a university. This is a marked contrast with the situation in the U.S. where university administrators tend to be narrow specialists with relatively little formal training in applying their special skills in a university setting. As a result of their wide experience, the top British administrators--the secretaries and registrars and their deputies--are able to bring a diversity of perspectives to bear on any university problem. Two or three British administrators would have to be replaced by an entire echelon of vice presidents and their assistants to achieve the same balance of experience in an American university. As a result, what the British could do in a small committee we would have to expand to a far larger group with all its accompanying inefficiencies and compromises. In addition, the relatively short career ladder in an American university necessitates long periods of stagnation for most aspiring administrators--a situation that results in the loss of the better people. If university administrators were promised a career that offered more lateral movement, a structured training program, and frequent opportunities to gain experience in completely new areas of operation I think we would end up with a cadre of professionals that would compare favorably with that of any industrial firm. Such administrators could better gain the confidence of the faculty which would facilitate establishing better faculty/administrative relations at all levels.

The British experience was that the primary planning group must be small and nonrepresentational in attitude. Every time a special planning group was assembled there were immediate pressures to enlarge it so as to seat representatives from various sectors. Aside from problems associated with size, the major difficulty with such a committee is that members think and vote in terms of what is best for their constituents rather than what best serves the university. Likewise, the need for closed sessions and confidentiality was frequently stated. If planners are expected to think and act in the best interest of the university to the extent of overriding the interests of colleagues then they must at least be given the anonymity afforded by a committee working in closed sessions.

Data Related Issues

The British universities, like their American counterparts, publish each year an annual report that not only presents the required financial information but also takes the opportunity to present a favorable image of the university. There is, however, one reported university output that I found at several universities but which I have never seen in an American university annual report and that is a list of all research published during the year. (See Appendix 8 for an example.) Few American institutions even have a rough estimate of how many journal articles are produced, much less what they were. Since basic research is one of any university's primary outputs, it does seem that we are guilty of missing an obvious opportunity to gain some credit. Some may claim that this neglect is not due to oversight but simply a pragmatic recognition of the fact that no one outside the university really cares. I would contest that claim, particularly as events now stand. Many, if not most, research universities are part of a statewide higher education system in which a central authority allocates funds to all the constituent institutions.

Because of the hidden costs of doing research, major universities--by all normally used measures of cost and productivity--appear to be expensive. Whether the state allocates funds by sophisticated computer models or by negotiation, a substantial share of every major university's allocation is based strictly on judgment and a conviction that the research institutions are producing something of value in the way of research. Frequently that judgment is contested by the other state institutions that are funded solely on instructional measures. The research institutions put an unnecessary burden on their supporters by producing no accounting of their research efforts. The results are there, they can easily be recorded, and they can be publicized in the annual report. There is no need to strain relationships with state officials by expecting the allocation process to be an annual act of faith.

As mentioned earlier, I was impressed by both the amount and high quality of the work being done on micro computers. Micro computer technology has already reached the point where storage capacity is less a problem and the sophisticated software packages for processing data and building models renders many a manager independent of the need for an elaborate data processing department. Many American universities have, over the last decade or two, developed reports, models, and data manipulation routines that use a mainframe computer and require the services of a large computer staff. This investment may well lead to considerable inertia in exploring the administrative capabilities of micro computers and result in the major universities holding onto outdated practices.

In conclusion, I would urge the reader to take a moment to study the graphical display included in Appendix 9. This graphical device is now known in the United Kingdom as the Taylor square after its developer Dr. Bryan Taylor,

University of Bath. In my view, it is a useful way to compare dissimilar universities. The graphical presentation enables every viewer to instantly sense both the magnitude and manner in which a given university differs from a norm established by regression analysis for a group of peer institutions. Although Dr. Taylor has published papers and given talks at national meetings in the United States where he used examples of his graphs, nevertheless I have not seen any instances where others have taken up his idea.

Appendix 1a

Sources of Information

Aston University

S. Glick

Planning Officer

University of Bath

J. R. Quayle

Vice Chancellor

R. M. Mawditt

Registrar and Secretary

V. V. Linsdale

Personnel Officer

B. J. R. Taylor

Planning Officer

B. Thomas

Senior Assistant Secretary (Services)

C. L. S. Henderson

Assistant Secretary for Science

M. D. Allen

Assistant Secretary

I. O. Trickett

Senior Staff Officer

Professor R. E. Thomas

Former Pro-Vice Chancellor and Chairman
of the Long Range Planning Committee

Bradford University

I. Sanderson

Registrar

D. Packman

Planning Officer

University of Bristol

E. Wright

Registrar and Secretary

M. Parry

Deputy Secretary

E. Wood

Finance Officer

J. Allen

Personnel Officer

Cambridge University

G. Burke

Assistant Registrar

University of East Anglia

R. A. Walker

Senior Assistant Registrar

University of Edinburgh

A. M. Currie

Secretary

P. J. Carty

Senior Administrative Officer

J. T. Suddaby

Assistant Secretary

M. D. Cornish

Assistant Secretary (Academic Planning)

N. R. Elliott

Vice Dean, Faculty of Social Science

J. M. Davidson

Assistant Secretary

M. A. Ball

Assistant Director of Finance

University of Essex

A. E. Sloman

Vice Chancellor and former chairman of the
Committee of Principals and Vice Chancellors

Appendix 1b

Sources of Information

University of London

Bedford College

J. Kelly

Bursar

Imperial College

S. A. V. Swanson

Pro-Rector

Central Administration

J. Morgan

University Accountant

University of Manchester

K. Kitchen

Registrar

D. Porter

Deputy Registrar

S. M. Littlewood,

(A. T. Procter, D. Camm, Faculty Secretaries

(L. H. C. Knox, V. Stevens

J. Hutchinson

Bursar's Department

M. A. Buckley

Academic Staffing Officer

P. J. Jackson

Personnel Officer

Oxford University

R. Butler

Secretary of the Faculties

A. Lonsdale

Information Officer

P. Garnham

Senior Assistant Registrar - Secretary to
Resource Committee - Former Secretary to
Planning and Development Committee

N. Fiennes

Deputy Chief Accountant - Secretary to Early
Retirement Working Party - Former Secretary
to Resource Committee

W. Platts

Head of Data Processing

C. Kirwan

Former Vice Chair of General Board of Faculties

G. Tomlin

Assistant Registrar and Secretary of Biological
Faculty Board

Salford University

S. Bosworth

Registrar

I. Powell

Deputy Registrar (Academic)

G. Bent

Deputy Registrar (Finance)

I. Beattie

Public Relations Officer

D. Reddington

Management Services Officer

A. Tonks

Assistant Registrar (Personnel)

C. Ledger

Deputy Registrar (Estates and Buildings)

Appendix 1c

Sources of Information

St. Andrews University

J. S. Watson	Principal and Vice Chancellor
M. J. B. Lowe	Secretary and Registrar
J. W. Robinson	Senior Assistant Secretary
C. P. Gordon	Quaestor and Factor
D. P. Dorward	Deputy Secretary
D. R. Stewart	Establishments Officer

University of Southampton

A. Davis	Administrative Secretary
L. Marsh	Assistant Finance Officer
T. Mead	Assistant Registrar
D. Dolbey	Finance Officer
R. Stannard	Assistant Administrative Secretary
J. Atkins	Director, Data Processing

Stirling University

R. G. Bomont	Secretary
G. Thomson	Senior Assistant Registrar
D. M. Pollock	Senior Assistant Finance Officer

University of Surrey

L. J. Kail	University Secretary
P. J. Luther	Deputy Secretary for Finance
J. W. A. Strawson	Assistant Secretary
J. H. Lewis	University Architect and Surveyor
P. Welch	Registrar (Member of the Academic Planning Group)
J. Hopper	Personnel Officer

University of Sussex

R. S. Howard	Finance Officer
G. Lockwood	Registrar and Secretary
M. A. Sims	Deputy Finance Officer
A. McAllister	Personnel Officer
D. E. Tutt	Personal Assistant to Vice Chancellor
E. Nakhle	Senior Assistant Registrar

University of Wales, University College - Cardiff

A. Moritz	Vice Principal for Administration and Registrar
R. Harris	Bursar

University of Warwick

M. S. Shattock	Registrar
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Appendix 1d

Sources of Information

Committee of Principals and Vice Chancellors Office (CVCP)

P. Walker Senior Administrative Officer, University Finance

University Grants Committee Office (UGC)

E. C. Appleyard Assistant Secretary

O.C.E.D. Workshop - Paris

Albert Somit	President, Southern Illinois University at Carbondale
Paul Levasseur	Head of IMHE Program, OCED
Peter West	Deputy Registrar, University of Strathclyde, Scotland
David Forrester	Assistant Secretary, Further and Higher Education Branch, Department of Education and Science
Franz Winkelmann	Bursar, Trinity College, University of Dublin
David Bethel	Director, Leicester Polytech
John Rorke	Vice Principal, Herriot-Watt University

Fulbright Commission

J. Herrington Director of the Fulbright Commission in the United Kingdom

Universities Visited

<u>Type</u>	<u>University</u>	<u>Date of Charter</u>	1980-81 Full-Time Home & EC Students	1980-81 Recurrent Grant (L)	<u>UGC Targets for 1983-84</u>		<u>Reductions</u>		
					Home & EC Full-Time Students	Recurrent Grant	Enrollment	Recurrent Grant	Resource per Student ¹
Ancient English	Oxford	1249	10,702	33.2	10,410	29.7	- 2.7%	- 10.5%	- 8.0%
Federal	London	1836	33,956	206.0	32,220	165.0	- 5.1%	- 19.9%	- 15.7%
English Older Civic	Manchester Bristol	1851	10,197	37.8	9,710	31.9	- 4.8%	- 15.6%	- 11.3%
		1876	6,745	23.0	6,390	19.4	- 5.3%	- 15.7%	- 11.7%
English New Civic	Southampton	1952	5,649	18.7	5,660	16.6	+ .2%	- 11.2%	- 12.8%
New English	Sussex	1961	3,971	11.4	3,710	9.2	- 6.6%	- 19.3%	- 12.8%
Technological	Bath	1965	3,234	9.1	3,260	8.7	+ .8%	- 4.4%	- 6.4%
	Bradford	1965	4,488	14.1	3,530	9.6	- 21.3%	- 31.9%	- 12.5%
	Salford	1965	3,928	15.0	2,750	8.6	- 30.0%	- 42.7%	- 20.1%
	Surrey	1965	2,598	11.8	2,470	8.8	- 4.9%	- 25.4%	- 22.4%
Welsh Federal	University College -Cardiff	1893	4,878	13.5	4,380	11.6	- 10.2%	- 14.1%	- 4.3%
Scottish Ancient	St. Andrews	1410	3,148	9.8	2,880	7.5	- 8.5%	- 23.5%	- 18.2%
Scottish Civic	Edinburgh	1583	9,090	35.6	8,840	30.2	- 2.8%	- 15.2%	- 12.3%
Scottish New University	Stirling	1967	2,716	7.5	2,470	5.1	- 9.1%	- 32.0%	- 26.6%

¹ Defined by recurrent grant - enrollment

DISCUSSION AGENDA FOR THE VISITGeneral Background

Unique features of the University mission, student body, academic programmes
 The size and nature of the UGC recurrent grant and enrolment reduction
 Special problems arising from this reduction
 Was a 3 year plan developed or was each year taken one at a time?
 Was a special committee appointed to work on the reduction?
 Were the budget cuts made Uniformly or differentially across departments?
 The global approach to achieve the 1983-84 targets in terms of:
 staff changes
 budget changes
 academic program changes

Planning Process

Nature of the planning - long range (strategic) or short range (annual)
 Officers involved
 Procedures and committee structure
 Problems with organisation, reaching closure on issues, implementation
 Data available and used by planners
 Analytical methods and models used to support planning (e.g. modeling, forecasting)
 Academic programme review (procedures, criteria, results)
 What form does the completed long range plan take?

Budget Process

Officers involved
 Procedures and committee structure
 Budget forecast models used
 Linkage between planning and budgeting
 How is the budget constructed - how is it co-ordinated with the plans made?
 How do departments and units make special needs known?

Resource Allocation

Procedures used to allocate resources
 Criteria and data used to assist in allocation decisions
 Linkage between Resource Allocation and both the budget and the planning

Academic Staffing

Data or models used to study the academic staffing problems
 Early retirement procedures followed and results (both academic and non-academic staff)
 Procedures for proposing 'new blood' positions and results
 Problems with tenure and/or staff age configuration
 Efforts to retrain or reassign redundant faculty
 How are new posts: empty posts filled? Who makes priority decisions?

Management Information System

Is there any officer whose primary function is to collect and analyse data related to the operation of the University?
 What data is currently stored on computer (UGC data? any linkage between course and faculty? between course and student?)

Useful Documents

University handbook or prospectus

Organisational chart for Administration and/or committee structure

Sample pages to key analytical analyses used in planning

Response to the 16 February 1982 CVCP letter which proposed a redefinition of tenure

Any study that shows the institution's progress towards the UGC 1983-84 enrolment and/or budget targets over the 3 year period

Sample pages of comparative studies done on academic support, faculty workloads etc

Sample pages of any outputs produced by enrolment, budget or staffing projection models

Appendix 4

Meetings Attended

Registrars and Secretaries Conference, University of Warwick

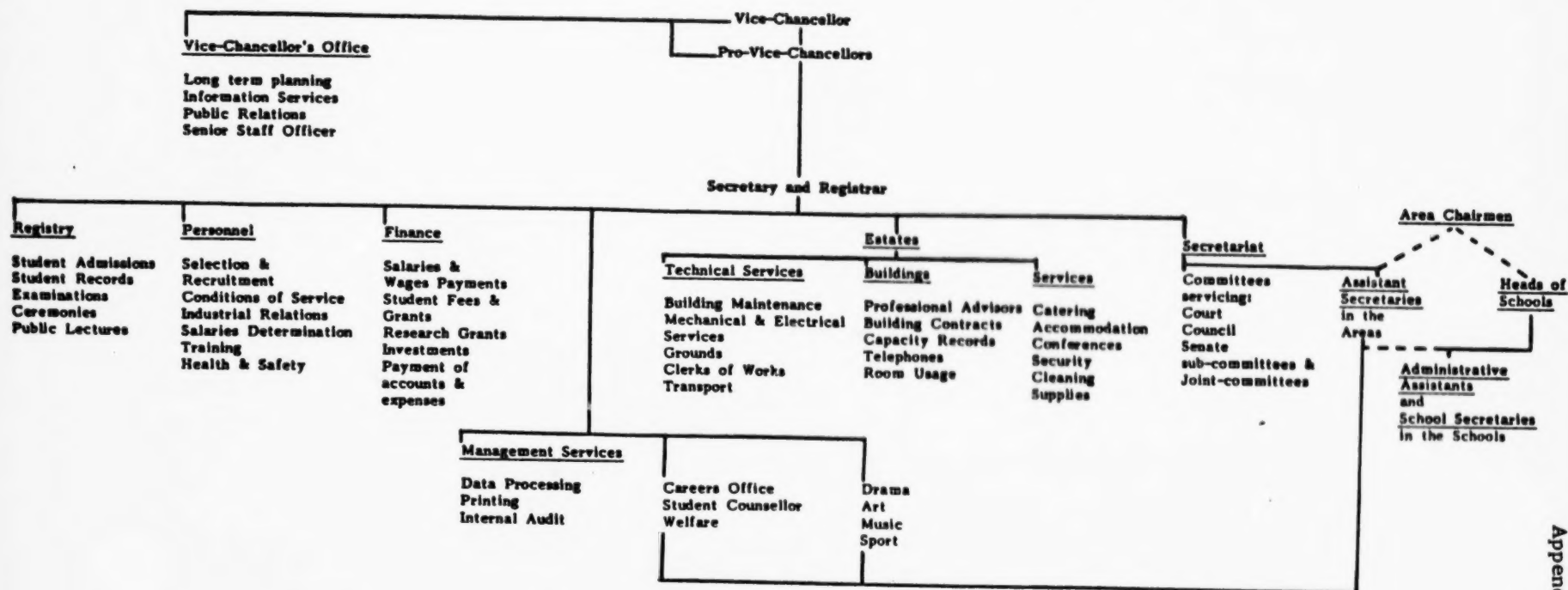
Conference for University Administrators, University of Liverpool

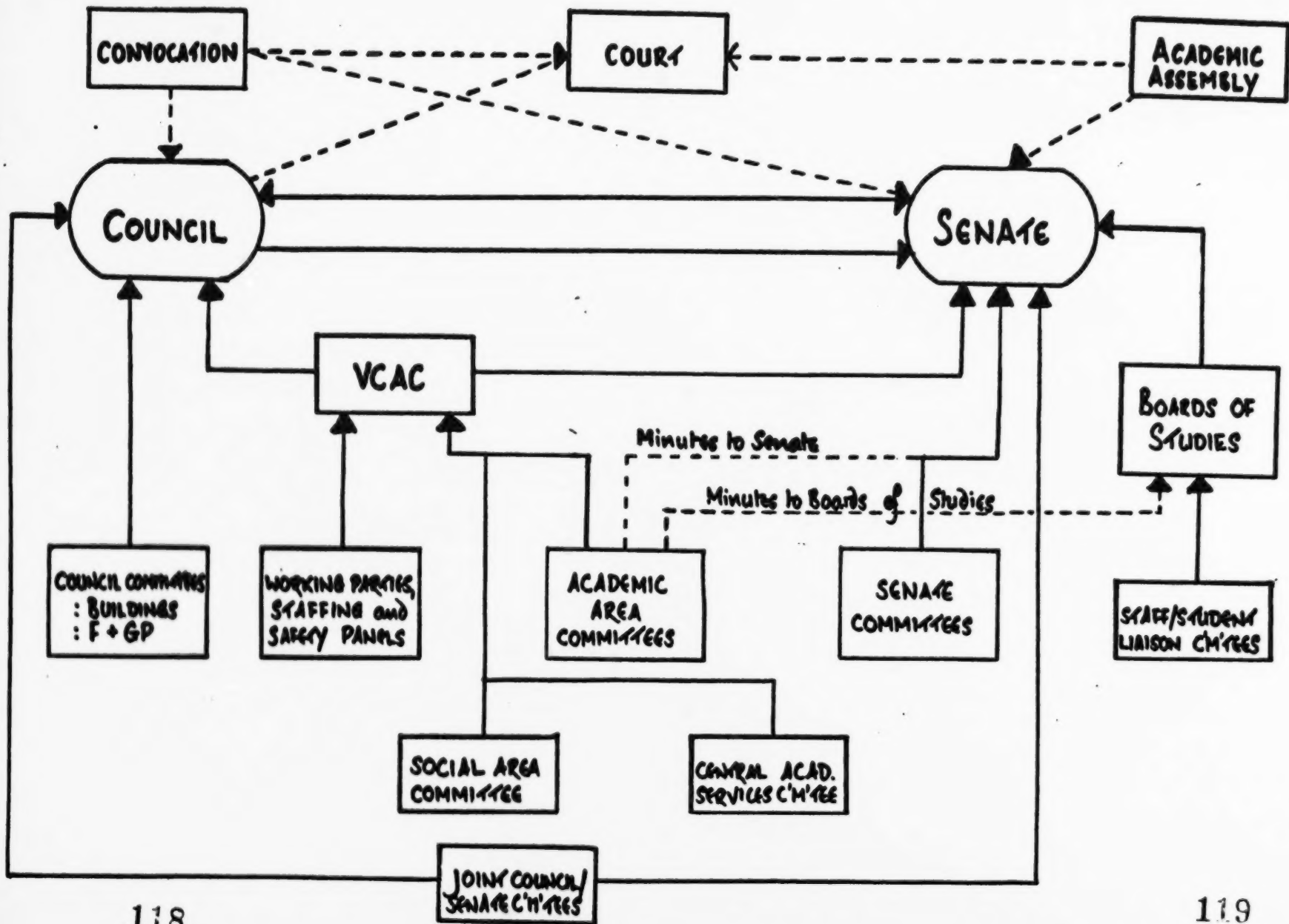
Senior Administrators Seminar for Southern Universities, University
of London

CRAC Conference, Cambridge University

Strategic Planning Workshop, Organization for Economic Cooperation
and Development, Paris

Organizational Structure





UGC Targets

Newsletter Supplementary Edition 2 July 1981

UNIVERSITY OR COLLEGE	Recurrent Grant (1981-82 price base)			Equipment and Furniture Grant 1981-82 £	Home and EC full-time students				Comparable 1979-80 Total
	1981-82	1982-83 (tentative)	1983-84 (tentative)		1983-84 (or 1984-85)				
	£m	£m	£m		Arts	Science	Medicine	Total	
Aston	12.02	10.77	9.86	1,222,000	1.080	2.560	-	3.640	4.670
Bath	8.88	8.77	8.69	1,130,370	1.030	2.230	-	3.260	3.190
Birmingham	27.83	26.61	25.69	2,442,000	3.840	2.790	1.140	7.770	7.750
Bradford	11.91	10.60	9.64	1,025,000	1.400	2.130	-	3.530	4.360
Bristol	20.91	20.06	19.43	1,625,000	2.930	2.620	840	6.390	6.650
Brunel	10.16	9.48	8.99	810,588	850	1.620	-	2.470	2.460
Cambridge	90.03	29.39	28.91	3,072,260	3.090	4.340	850	10.280	10.490
City	9.22	8.66	8.24	568,000	390	1.430	-	2.020	2.130
Durham	12.13	11.94	11.60	845,100	2.840	1.520	-	4.360	4.530
East Anglia	11.71	10.95	10.28	611,000	2.560	1.080	-	3.640	3.760
Exeter	6.09	5.73	5.47	515,000	1.400	750	-	2.150	2.240
Exeter	10.77	10.13	9.69	685,730	3.170	1.430	-	4.600	4.690
Hull	10.17	9.60	9.19	585,000	3.120	1.080	-	4.200	5.070
Keele	7.04	6.23	5.64	355,000	1.370	660	-	2.230	2.680
Kent	7.42	6.97	6.64	662,470	2.320	860	-	3.180	3.430
Lancaster	9.36	8.97	8.68	631,660	2.980	940	-	3.920	4.210
Leeds	30.86	29.63	28.72	2,852,580	4.070	4.160	1.040	9.270	9.430
Leicester	12.29	12.09	11.93	981,000	2.430	1.260	910	4.200	4.340
Liverpool	28.21	27.01	26.13	2,092,370	2.850	3.060	1,000	6.910	7.060
London Graduate School of Business Studies	1.30	1.41	1.49	100,490	290	-	-	290	170
London University	181.02	171.76	165.03	14,710,600	11.470	12.350	8,400	32,220	33,310
Loughborough	12.30	12.11	11.98	1,477,800	2.100	2.450	-	4.550	4.670
Manchester Business School	0.97	0.90	0.84	14,000	170	-	-	170	120
Manchester	34.53	33.03	31.93	3,497,370	4.570	3.630	1,510	9,710	9,930
UMIST	13.35	12.04	11.08	1,802,000	690	2,290	-	2,980	2,790
Newcastle	22.03	21.33	20.83	2,835,390	2,490	3,060	1,060	6,600	6,880
Nottingham	19.49	18.84	18.16	1,845,000	2,470	3,040	640	6,150	6,380
Oxford	31.33	30.41	29.74	2,936,940	6,300	3,450	660	10,410	10,700
Reading	13.64	13.07	12.66	1,488,000	2,330	2,440	-	4,770	5,030
Salford	11.85	9.97	8.59	814,790	740	2,010	-	2,750	3,940
Sheffield	23.25	22.37	21.72	2,132,000	3,150	2,820	890	6,860	6,860
Southampton	17.47	16.97	16.60	1,755,000	2,460	2,560	640	5,660	5,690
Surrey	10.13	9.36	8.78	928,400	620	1,850	-	2,470	2,880
Sussex	10.27	9.66	9.21	898,000	2,440	1,270	-	3,710	3,890
Warwick	12.01	11.58	11.23	851,000	3,110	1,440	-	4,550	4,600
York	7.11	7.06	7.02	595,000	1,090	1,130	-	3,090	3,100
Total England	699.08	665.48	640.55	61,394,108	93.470	82.310	91.180	194.960	204.280
Aberystwyth U.C.	7.34	6.94	6.65	594,880	1.820	896	-	2.710	2.940
Bangor U. C.	8.07	7.65	7.34	645,000	1.250	1.020	-	2.270	2.380
Cardiff U. C.	12.48	11.98	11.61	1,091,000	2.360	1.460	360	4.380	4.680
St David's, Lampeter	1.18	1.16	1.14	39,830	690	-	-	690	710
Swansea U. C.	9.81	9.30	8.92	901,000	1.740	1.490	-	3.230	3.340
Welsh National School of Medicine	4.91	4.80	4.71	300,000	-	80	610	690	680
UWIST	6.30	5.89	5.60	600,520	800	1.360	-	2.160	2.400
University of Wales, Registry	1.76	1.73	1.70	-	-	-	-	-	-
Total Wales	51.83	49.45	47.67	4,172,230	8.860	6.300	970	16.130	17.330
Aberdeen	17.24	16.06	15.19	1,318,000	2.470	1.860	610	4.940	5.140
Dundee	11.41	10.90	10.53	805,000	950	770	760	2.480	2.490
Edinburgh	31.50	30.75	30.20	2,710,000	4.310	3.310	1,220	8.840	8.830
Glasgow	30.76	30.20	29.56	2,205,000	3.780	3.640	1,390	8.810	9.100
Heriot-Watt	7.52	7.27	7.09	768,000	400	1.720	-	2.120	2.430
St Andrews	8.25	7.82	7.51	475,000	1.680	950	250	2.880	3.110
Stirling	5.96	5.45	5.08	365,000	1.460	860	-	2.020	2.470
Strathclyde	16.05	15.27	14.69	2,144,470	2.390	3.150	-	5.540	5.790
Total Scotland	128.69	123.72	119.83	10,390,496	17.440	15.960	4,230	37.630	39.360
Total Great Britain	879.62	838.65	808.07	76,156,808	119.770	104.370	34.380	348.730	360.970
Full-time equivalent of part-time degree and diploma, extra-mural and continuing education students									43.480 43.020

Resources and Student Numbers

Table 4
Projected balances and deficits 1984-85 to 1994-95 (2000 at 1983-84 prices)

Year	84-85	85-86	86-87	87-88	88-89	89-90	90-91	91-92	92-93	93-94	94-95
IUBC Grant & Home Fees	47145	46361	45652	45127	44644	44197	43755	43318	42885	42456	42031
Other Income	5031	5031	5031	5031	5031	5031	5031	5031	5031	5031	5031
Projected Income	52176	51392	50683	50158	49675	49228	48786	48349	47916	47487	47062
Baseline Expenditure	52985	52985	52985	52985	52985	52985	52985	52985	52985	52985	52985
Retirements	400	581	926	1275	1803	2390	3142	3650	4201	4904	5659
Natural Wastage	200	291	463	638	902	1195	1571	1825	2101	2452	2830
Replacements	-480	-697	-1111	-1530	-2164	-2868	-3770	-4380	-5041	-5885	-6791
Developments	-236	-468	-696	-921	-1145	-1366	-1584	-1801	-2015	-2228	-2438
Difference: Annual	-775	-962	-834	-646	-548	-491	-435	-302	-482	-430	-408
Cumulative	-924	-1886	-2720	-3366	-3914	-4405	-4840	-5342	-5825	-6255	-6663

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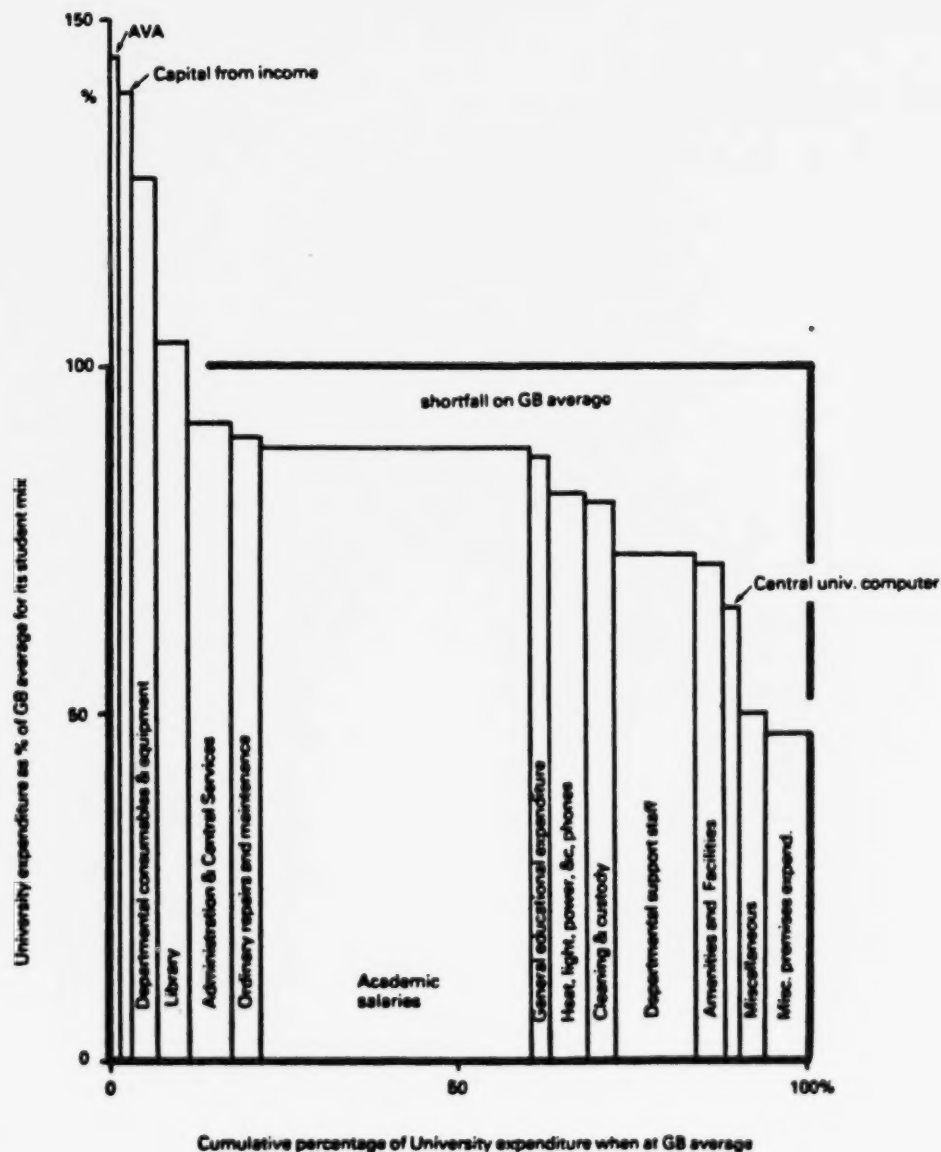
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RECURRENT EXPENDITURE 1981-82 Session

Chart to show the relationship between University expenditure and the GB average for its mixture of students.



Source: Derived from UGC Form 3 out-turn

G.B. average excludes London, Oxford, Cambridge and the Business Schools.

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